





## OVERSEAS NEWS

## EC heads urged to end deadlock

BY WILLIAM DAWKINS

MR WILFRIED MARTENS, the Belgian Prime Minister, has made a personal appeal to his fellow EC leaders to use their authority to break the deadlock of no moves to scrap barriers to free trade in the Community.

He has written to government heads, asking them to sink their differences over 20 barriers to free trade among EC countries, all of which are due to be debated by the Council of Ministers, the EC's key decision-making body, by the end of the month.

The letter, written in Belgium's capacity as president of the Council, was greeted in Brussels as a last-ditch attempt to make progress on the internal market before Belgium surrenders the chair to Denmark at the end of June.

Member states have been unable, since Belgium assumed the presidency in January, to agree on more than a handful of items. A European Commission programme seeks to scrap 300 barriers to free trade by 1992.

In Mr Martens' appeal for agreement are proposals to dismantle price-fixing and capacity-sharing accords between state airlines. These have long been delayed by a tangle of national interests and Belgium is keen to make substantial progress when this is debated next week by EC transport ministers.

Also listed are moves to fix common frequencies for mobile telephones, mutual recognition of company notation particulars and significant reductions in frontier controls on travellers between member states.

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Martens—personal appeal

The move comes a month after the release of a highly critical report by Lord Cockfield, the Commissioner responsible for the internal market, that blamed national quibbling in the Council for delaying progress on dismantling EC trade barriers.

This report said that there seemed to be the broad political will to achieve an internal market but too many proposals were being stalled by narrow national and sectoral arguments.

Mr Martens argues in his letter that the delay goes against the intention of the recently ratified Single European Act, which should facilitate decision making by introducing more majority voting.

"It is all the more paradoxical and damaging when this objective benefits from incontestable support from the public, and from leading economic and social figures," he writes.

Despite the difficulties still faced by many of the 20 measures, agreement by the end of the month should be possible, he says.

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## UK removes three diplomats from Tehran

By Andrew Gowers, Middle East Editor

BRITAIN yesterday withdrew three members of its interests section in Tehran, as what the Foreign Office described as "a sensible precaution."

This followed the decision on Thursday to close the Iranian consulate-general in Manchester and to expel five Iranian consular officials from Britain.

The three British officials—a commercial secretary, a visa officer and a member of the Foreign Office's property division—arrived back in London yesterday with four wives and three children of interests section members.

Meanwhile, Hajjotalestan Hashemi Rafsanjani, speaker of the Iranian parliament, delivered a scathing attack on Britain during his weekly sermon in Tehran. He criticised Britain's role in the current diplomatic row between the two countries, as well as what he described as US collaboration with the US in the Gulf.

However, he detailed no Iranian response to the British expulsions. The Iranian chargé d'affaires in London, Mr Akhundzadeh Basti, said on Thursday he thought his Government would respond within three to four days.

The clash stems from the violent abduction for 24 hours of a senior British diplomat, Mr Edward Chaplin, in Tehran last week and the arrest on shiplifting charges of an Iranian consular official in Manchester.

Britain believes that Iran has been trying to link the two events.

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## John Elliott in Sri Lanka reports from amid the rubble of the Tigers' guerrilla stronghold Battle for Tamil hearts, minds and stomachs

MR LALITH Athulthumudali, Sri Lanka's National Security Minister, stood yesterday in the coastal Jaffna town of Velvedditturai captured from Tamil extremists a week ago and announced "We want to win the hearts and minds of the people. We are one people and one country and we want non-violence."

Accompanied by four other ministers, two generals, civil servants, and a crowd of local and foreign journalists, including two from India, Mr Athulthumudali chose this battered and sensitive town to launch a campaign aimed at preventing the area falling back into the hands of the Tamil Tigers.

For four years this had been the Tamil extremists' main base. It was seized by the armed forces after heavy bombing and fighting, which claimed perhaps more than 100 civilian lives and demolished many homes and other buildings.

In the last few days, 4,000 Tamil men aged 15 to 35 have been arrested in a controversial and feared interrogation centre called Boosa in the south of the island.

Smiling and talking with the urban style of a 50-year-old former president of the Oxford Union and a successful lawyer, Mr Athulthumudali, who wants to be president of Sri Lanka, walked into his dusty courtyard of an ornate Hindu temple where several hundred Tamil women, watched by their husbands and children, queued for relief aid of rice and flour.

He gently held the hand of the first distraught father who rushed to him and said: "I have put my wife (Shirmani) in charge of all the welfare of the boys who have gone to Boosa. She and her colleagues in the Seva Vinyitha welfare organisation are writing to all the parents and will look after their welfare."

At a meeting with local organisations, he promised to use defence budget money to buy the local crop of onions, and also promised to help ship coconuts to Colombo, to provide grants for agricultural seeds and fertiliser, to set up a telephone link with the rest of the island, and to try to reopen schools and restart fishing.

This is the first such community programme launched by Mr Athulthumudali, who believes that military victories against the Tigers must be followed by a possible distant peace settlement. That he has done this is recognition of the depths to which Sri Lanka's ethnic strife has sunk in the past four years as Tamil claims for some form of independence or devolution in Jaffna and the east of the island had become increasingly violent.

The main street and coastal roads of Velvedditturai are testimony to the havoc that has been wrought. Three years ago the first damage was done to buildings when the Tigers planted landmines and the navy shelled the town which is the home of Mr V Prabhakaran, the Tiger's leader, who escaped after last week's defeat.

The battle smashed line after line of buildings beyond repair. Roofs are caved in and brick and concrete walls are a mass of rubble. There are access tunnels under roads and large buildings built by the Tigers which have been demolished. I was

warned not to walk off the street or into houses because they could still be booby-trapped.

A three-mile long bunker called Canada, and regarded by the Tigers as their main defence, took two days to capture and is now a mass of rubble. "The Tigers always said Elam (their name for an independent homeland) would fall when Canada fell," said Brigadier Gerry de Silva.

"There was no warning at all last Tuesday week. The planes came in at 5.45 am and they bombed and bombed till 6 am," said Mr J. Nathan, a quantity surveyor who was standing with other husbands and children in the temple ground.

"Seven helicopters came in and shot along the streets. Three Avro transport planes dropped incendiary bombs on houses and there were five other bombers as well," said Mr Sinha, a lorry driver.

He was referring, almost certainly with some exaggeration, to part of Sri Lanka's limited air force of 25 Bell 212, 412, and 206 civilia helicopters, converted with machine guns and rocket launchers, six new SIAI-Marchetti two-seat turbo prop trainers which have been converted with guns and rocket pods and were doing the bombing, and some antique Avro 748

transporters. There is no sign of the "carpet bombing" alleged by India or the massive civilian casualties and starvation which India used as justification for its violation of Sri Lankan airspace to drop relief supplies on Thursday.

"We did have bombing on concrete bunkers where there was heavy resistance. They were destroyed by air when the infantry asked for help," said General N. Seneviratne, the army commander, who claimed the "locals' reports were exaggerated."

People in the temple were divided about whether they wanted India to intervene. Most wanted arms sent to them or the Tamils to help them defend themselves, but few wanted India to invade. They knew little about Thursday's drop of relief aid.

Mr Athulthumudali was more cautious. With a glance to foreign journalists to ensure we were listening, he said: "Indian food be careful, diarrhoea, you know." He appeared to acknowledge an implied threat by India to intervene again if government forces renewed their attacks on the Tigers, but laughed. "It's like a big brother trying to bully a small brother—the small brother goes between the legs of big brother."

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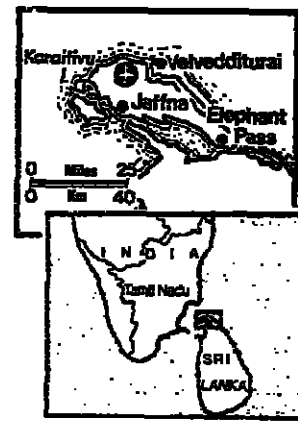
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Jaffna and Velvedditturai

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## China explodes nuclear device

BY ROBERT THOMSON IN PEKING

CHINA is believed to have exploded a nuclear device yesterday for the first time since 1985 at its underground testing station at Lop Nor, in the far west.

The Swedish National Defence Agency said an explosion registering 6.8 on the Richter scale was recorded, though the size of its nuclear arsenal remains unknown. Peking strongly favours nuclear disarmament, yet maintains that it will keep a stockpile of weapons until the US and Soviet Union get rid of their nuclear arms.

Chinese leaders say the stockpile is more symbolic than threatening, and have claimed that the country lacks the resources to upgrade their strength and sophistication, though diplomats see the test yesterday as an attempt to do just that.

The Chinese premier, Zhao Ziyang, has guaranteed that China will no longer conduct atmospheric nuclear tests, and has called for a "simultaneous and balanced reduction and on-the-spot destruction of medium-range nuclear missiles deployed in Europe and Asia."

There have been discussions between the two groups in recent months but they have achieved nothing.

The Airbus go-ahead has been approved by the governments of the four countries, and by the boards of the participating shareholder companies.

This follows the satisfactory settlement over recent weeks of the long negotiations in pursuit of Government cash support for the venture.

The UK Government, with a 20 per cent stake in Airbus, is contributing £450m for work on the wings of both aircraft.

France, with a 37.9 per cent stake, is contributing FF 6bn (£590m) to cover airframe and engine work. West Germany, with a further 37.9 per cent, is contributing about DM 5bn (£1bn) for airframe work. Spain, with a 4.2 per cent stake, is making a contribution not yet disclosed.

These direct government contributions do not have to match the relevant shareholdings. The UK will get some 26 per cent of the work.

Also, the companies involved—British Aerospace, Aerospatiale, Deutsche Airbus and CASA—will be contributing their own cash to cover the balance required.

The initial non-recurring development cost of the two aircraft has been estimated at about £1.4bn, but there are substantial additional costs to cover initial production of aircraft before deliveries are made and cash accrues from sales.

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## Airbus advances airliner launch

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European jet airliner manufacturing group, yesterday formally announced that it had secured the long-range four-engine A-340 and the medium-range twin-engine A-330. They are to go into service from May 1992, and spring 1993, respectively.

The group—which includes the UK, France, West Germany and Spain—said in Toulouse it held orders and provisions commitments for 130 of the new airliners from 10 airlines—made up of 89 A-340s and 41 A-330s.

The announcement had been expected for next week at the Paris Air Show, but was brought forward to prevent drift of potential customers to the main rival venture, the new McDonnell Douglas MD-11 medium-range tri-jet airliner from the US. That aircraft is being promoted vigorously, with some Airbus customers as prime targets.

The formal launch of the two Airbus aircraft also appears to end any remaining speculation about possible collaboration on the new venture between Airbus and McDonnell Douglas, a bid to fight off Boeing in world markets.

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## Outlook worsens for jobless in W Germany

BY DAVID MARSH IN BONN

WEST German unemployment is likely to drop by only just over 100,000 a year over the next five years even assuming potential 2.5 per cent annual growth in the economy, according to latest Bonn government figures.

The projections, circulating at this week's meeting of the Government's financial planning council, underline the subdued prospects for the West German economy which will be spelled out at next week's seven-nation summit in Venice.

They coincide with further uncertainties over the financing of Government's DM 44bn (£14.9bn) tax cutting package planned for 1990. This is conceived by Mr Gerhard Stoltenberg, the Finance Minister, as the country's main contribution to stimulating growth both domestically and internationally in the next few years.

Mr Lothar Spaeth, the Prime Minister of Baden Württemberg, and one of the main political allies of Mr Helmut Kohl, the Chancellor, has suggested postponing the tax reform to limit cuts in tax receipts which would be weathered by state and local governments in the country's federal system.

This would be in direct contradiction to the plea made by the US—that Bonn should speed up tax cuts.

In public, West German economic policy-makers are putting the best gloss possible on latest figures showing a steep rise in industrial orders and production in April. But following an estimated 1 per cent contraction in the economy in the first quarter, officials say real growth in gross national product during 1987 may now be no more than 1.5 per cent.

The growth forecast has already been revised down from 2.5 per cent at the beginning of the year to 1.8 per cent last month. Both the Organisation for Economic Co-operation and Development and the European Commission are already projecting only 1.5 per cent growth this year.

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## Four arrested in Italian murder case

By John Wyles in Rome

THE ITALIAN police appear to have scored another important success against reviving terrorism of the Red Brigades by arresting three men and a woman on suspicion of the murder in March of Gen Lidio Giorgetti, a senior official in Italian arms procurement.

Senior police officers believe that they have in custody now most of the important members of the Roman column of the Union of Fighting Communists. Besides the four newly arrested, three were taken in January after great shooting in which two of the suspected terrorists were injured.

The four—in their twenties and from lower-middle and working class backgrounds—are accused of involvement in the murder in March of Gen Lidio Giorgetti, a senior official in Italian arms procurement, who was shot dead on the back seat of his car by two people on a motor-cycle as he was being driven home.

The arrest, on May 29, has only just been revealed. Police appear to have picked up the tracks some time ago of Ms Claudia Gioia, aged 24, who was the fiancée of Mr Paolo Casetta, head of the Roman column until he was captured in January.

The police have recovered a large number of documents, including biographical information on various public figures who may have been potential targets. Among these were Mr Renato Ruggiero, director-general of the Foreign Ministry, who played a leading role in preparing the economic summit next week in Venice.

The arrests are an important step for the authorities, who were deeply embarrassed in that no special security action was taken after an unpublished failed attempt on Gen Giorgetti's life last December.

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## Australia may end two airline policy

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S unpopular two-airline policy, which restricts competition in fares and services on main domestic routes, will end if the Labour Party is kept in office in



AMEMBER OF THE KLEINWORT BENSON GROUP



## UK NEWS

# Evered in row over size of golden handshake

BY CLAY HARRIS

MR JOCK MACKENZIE, the former chairman of London and Northern Group, is seeking a "golden handshake" believed to amount to £750,000 from Evered Holdings, the industrial company that took over his conglomerate in April after a £100m bid.

The payment would be one of the largest made to the departing executive by a UK company. It reflects the value of salary, profit-linked commission and benefits in kind due to be paid under Mr Mackenzie's service contract, which still has 34 years to run.

Although Evered would not confirm the precise figure being sought by Mr Mackenzie, Mr Osman Abdullah, chief executive, said yesterday that the two sides were still far apart. Evered is believed to be offering Mr Mackenzie about £250,000 and does not rule out contesting his contract in court if agreement cannot be reached.

Mr Mackenzie, chairman of L and N for 20 years, was relieved of all executive duties in the group last month. He will remain as a non-executive director at least until September, by

which time Evered hopes to have resolved the dispute. He did not return telephone calls yesterday.

Under the 1977 contract, which runs until December 1990, Mr Mackenzie receives an annual salary of £53,741 plus 11 per cent of consolidated pre-tax profits over £9,492,000. He also receives 100 per cent of profits of former subsidiaries where L and N's shareholding still exceeds 20 per cent.

In 1983, the last year for which accounts are available, he was paid £114,459—£1,762 less than in 1984.

Benefits in kind are believed to raise the annual total, including salary but excluding commission, to about £150,000.

Mr Mackenzie, aged 61, is believed to be seeking a total payment of £750,000. He has indicated to Evered that he would expect to pay no tax on that because of his personal financial circumstances.

Evered announced on Thursday that Mr Mackenzie's son, Charles, had resigned from the L and N board. The departure of another son, John, was announced last week.

## Tourist decline 'hit hotels hard in 1986'

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITAIN'S hotel industry—especially luxury London hotels—was hit badly last year by the sharp fall in overseas tourist numbers, a report published yesterday by hotel consultants Horwath & Horwath, disclosed.

The room occupancy rate in London hotels fell to 74 per cent last year from 81 per cent in 1985, with the decline more marked in top hotels. Room occupancy throughout the UK fell to 62.8 per cent last year from 65.5 per cent in 1985 according to the report.

Horwath & Horwath points out that prospects this year are much better because of the recovery in tourism, but gives a warning that the hotel industry might face further setbacks if it becomes too complacent. In particular, it criticises hotels for cutting marketing

expenditure last year. It says: "Some hoteliers are repeating a past mistake of reducing marketing costs at the very time when these should have been increased to counteract the decline."

The report adds that the lower sales of hotels at high prices might lead to insolvencies.

"To justify these prices, the hotels must trade very successfully," it says.

The report criticises the high prices charged by some top London hotels. It points out that the average room rate for London's luxury hotels was £150 a night.

UK Hotel Industry 1987, published by Horwath & Horwath, 8 Baker Street, London, W1M 1DA, £25.

## Holiday Inn plans to build low-price chain

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

HOLIDAY INN, US owners of the world's largest hotel chain, announced plans yesterday to build 25 budget hotels in the UK, eventually creating about 750 jobs.

The hotels, to be called Garden Court, are included in the company's plans to build 130 hotels outside the US in the next decade.

The Garden Court chain is aimed at business or leisure travellers who do not want the full facilities of a standard Hol-

iday Inn hotel, such as swimming pool, banqueting rooms and room service.

The hotels, costing some £3m each, will be developed by franchising, which Holiday Inn sees as an important route for expansion.

The first Garden Court hotels in the UK will be built at Northwich, Southam, Malden, Ashford, Exeter, Salisbury and Bath as well as on the outskirts of big cities such as London, Birmingham and Manchester.

## Control of satellite group 'passing to US company'

BY RAYMOND SNOODY

TWO British trade union leaders claimed yesterday that effective control of British Satellite Broadcasting, the UK satellite broadcasting company, was passing to Hughes Aircraft of the US.

The claim was made by Mr Ken Gill, general secretary of the manufacturing union TASS and Mr A. J. Sapper, general secretary of the Association of Cinematograph Television and Allied Technicians.

They say British Aerospace lost the £200m contract for two direct broadcasting satellites to Hughes because it was not prepared to put £50m "up front" towards the cost of the satellites.

"If Hughes is prepared to guarantee the finance, then it will become the largest shareholder in the project—in effect an American company with a controlling interest in what was initially a British consortium," the unions argue.

The two unions appealed to the Government yesterday to intervene and ensure that the project went to BAE to protect jobs and ensure that Britain had a future role in advanced DBS technology.

The package that the financial controllers offered to Hughes to BSB involves loans and that the American aerospace company will have no equity stake in BSB or the right to convert loans into equity.

## Bejam reshuffles senior management

By Christopher Parkes, Consumer Industries Editor

BEJAM, the food and freezer retailer, yesterday announced top management changes in which day-to-day executive control passes to Mr Timothy How.

Mr How, 36, becomes managing director of the company and of Bejam Freezer Food Centres, the group's main trading subsidiary.

Mr John Anthon, the 52-year-old chairman and founder of the group, is giving up all executive duties and assumes the role of non-executive chairman.

Mr Laurence Don, managing director, will continue working full-time as deputy chairman and chairman of the food centres and of Bejam Properties.

The changes were well received in the City, where Bejam is considered to have lacked the aggression for consistent growth in 1986 retailing.

"Retailing is a young man's business," Mr Anthon said, explaining his decision to step down. He will now devote more of his time to Lodge Care, an old people's and geriatric homes company, where he has a non-executive board seat.

Mr How joined Bejam four years ago from a marketing post at Rank Xerox. Two years ago he was appointed trading director for with overall responsibility for the retailing, appliances and marketing divisions.

Bejam recently expanded its freezer centre network, buying 14 stores from William Low, and last year diversified with the purchase of the Victor Value High Street supermarket chain from Tesco.

Profits have been flat compared with the results of other food specialists.

## Goodison warning on regulations

By Clive Wolman

SIR NICHOLAS GOODISON, chairman of the Stock Exchange, has added to the criticisms of the costs of the City regulatory system being brought into effect under the Financial Services Act.

Speaking at an Institute of Economic Affairs Conference in London, Sir Nicholas said: "There will unfortunately be those who will promote the cause of regulation for regulation's sake rather than looking at the practical reality of the marketplace. The risk is that the market becomes over-regulated and the cost of the supervision becomes so high that practitioners no longer want to stay in the market."

Four hidden costs of regulation should be identified, Sir Nicholas said: employing lawyers and other advisers to comply with the rules; holding additional capital as required; more detailed record-keeping; and training employees and ensuring that they come to terms with the new rules.

First, Kate Mortimer, policy director of the Securities and Investments Board, challenged the critics of the costs of the new regulatory system, in particular Prof Charles Goodhart of the London School of Economics. She said that, far from being an overbearing bureaucracy, the SIB was understaffed in several areas.

Benefits such as improvements in the financial controls of investment firms and greater client confidence would offset the costs of regulation, she said.

Ms Mortimer argued that the rules would raise the awareness of investors and thus enhance competition.

She added that the breadth of the responsibilities of the SIB should prevent it from being "captured" by any particular interest group trying to keep out competitors.

Another potential drawback of the new framework, a proliferation of overlapping self-regulating organisations might be avoided, she said. "My personal bet is we'll be down to four and probably three in three years' time." At present, there are five SROs.

## Nick Bunker and Robert Thomson on the money and property pact signed in Peking

# China's path cleared to London market

IN DUSTY bric-a-brac shops on Hong Kong's Hollywood Road, tourists can still buy for a few dollars each dozens of fading scraps of orange parchment. They are bond certificates issued by successive cash-hungry Chinese governments in the 40 years before the Sino-Japanese war erupted in 1937.

Until yesterday — when Britain and China finally signed a money and property claims agreement after nearly eight years of sporadic talks — they were little more than historical curiosities, valuable only to collectors since Chiang Kai-Shek's nationalist government began wenching on its foreign debts 50 years ago.

But the Peking agreement has done more than simply guarantee a small windfall to the holders of the £50m in Chinese sterling bonds such as these that were in default by the beginning of the Second World War.

True, the settlement is fraught with historical ironies — not least the fact that Chiang Kai-Shek made £7m-£8m of bond issues between 1927 and 1936, nominally for projects such as roads or railroads, but possibly also to pay for his notorious campaign to annihilate Chinese Communists who included Mr Deng Xiaoping, China's present leader.

But the settlement's lasting significance is two-fold. It has demolished the last obstacle to Sino-British relations and erad-



The Shanghai waterfront, home of Britain's trade links with pre-revolutionary China

icated political barriers to China's free access to London's financial markets.

Last June, China ran up against the wrath of the Bank of England when it tried to borrow \$200m via a floating-rate note issued in London at a time when the claims talks with the Foreign Office still seemed far from a conclusion.

Since 1935 — when it first set up a committee to renegotiate the terms of Chinese debt issues — the Bank had firmly opposed its re-entry to international bond markets until it paid its old obligations. Legally, the Bank could stop China issuing new bonds but had no powers other than moral

persuasion to keep China out of London's Eurodollar market.

But official disapproval by the Bank forced China to make last June's issue from Frankfurt, where it was led by Deutsche Bank. Three British banks — Kleinwort Benson, Standard Chartered and Barclays — were later discreetly punished for taking part when the Bank of England barred them from extra allocations of bonds issued by the UK.

There were plenty of signs yesterday that the Bank's stand was the crucial factor in deciding the outcome of the key session of claims talks in Peking last December.

First, China is keen to tap the London bond market because borrowing in Tokyo has become more expensive. Much of the \$4.1bn it has borrowed in the last two years via 18 issues of bonds or certificates of deposit has been denominated in yen, and the rise in the yen's value has caused difficulties for a country with a self-confessed severe shortage of foreign exchange.

Second, China likes to spread its borrowing across as many financial centres as possible for fear of repeating the over-reliance on one country that occurred when it was heavily indebted to Japan after 1900. Another indicator of China's

eagerness to clear up the issue may lie in the strange behaviour of bond certificate prices in the past few years. In 1983, London dealers were selling the certificates for about 7 per cent or 8 per cent of their face value but by last year that had steadily edged up to about 40 per cent.

One dealer said yesterday that that might reflect covert buying by the Chinese, in Hong Kong or London, aimed at reducing the volume of busted bonds in Western hands.

Not surprisingly, there was a surprised but delighted reaction to the Peking agreement yesterday from London bankers who can now begin issuing Chinese bonds without fear of official displeasure.

"We knew there were talks going on but we didn't expect anything as soon as this," said Mr Robin Fox, vice chairman of Kleinwort Benson, which, for instance, hopes to arrange \$600m of finance for a proposed underground railway in Shanghai.

One key question is how much use China will actually make of London's capital markets. Analysts in Peking say most of China's borrowing is used for large infrastructural projects, with power stations and communications as the top priority areas. But conservative estimates in the Peking press say the Communist Party still fear that China will become dependent on foreign funding and are calling for "self-reliance."

## Mass market portable phone launch likely

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

A NEW cordless telephone system which might eventually bring the use of portable telephones within the reach of the mass market is likely to be launched before the end of this year.

Plans for the introduction of the new digital technology, codenamed CT2, have moved a step closer in the last few days with the distribution of technical specifications for the system by the Department of Trade and Industry.

They follow lengthy discussions between telecommunications manufacturers and the department, which has been con-

cerned to introduce the system in a way that would maximise the opportunities of UK producers anxious to make the digital handset.

The initial objective behind the introduction of the second-generation cordless receivers is to improve on the capacity and quality of the present analogue system.

In the longer term, however, some industry executives believe the digital technology could be employed to provide subscribers with small portable telephones that could be used at specially provided "tele-

points" in public places such as railway stations.

Users would be able to key into the public telephone network at such centres, which would contain special reception devices to pick up the radio waves from the cordless phones. The aim of the industry is to produce handsets that could be carried around in a pocket and would initially be priced at about £200 — a price that would be likely to come down rapidly as volume picked up.

According to Whitehall officials, the introduction of the

digital system would be possible this autumn unless there is a change of government policy after the election. No significant legislative changes are expected and it is not expected that the European Community will put up serious objections to the change from analogue methods.

Several telecommunications producers, including the new Orbital joint venture formed by Plessey and Racal, are gearing up to produce the new cordless handsets. Orbital said it was hoping to demonstrate a product by October.

## Wagon design may promise ro-ro trains

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

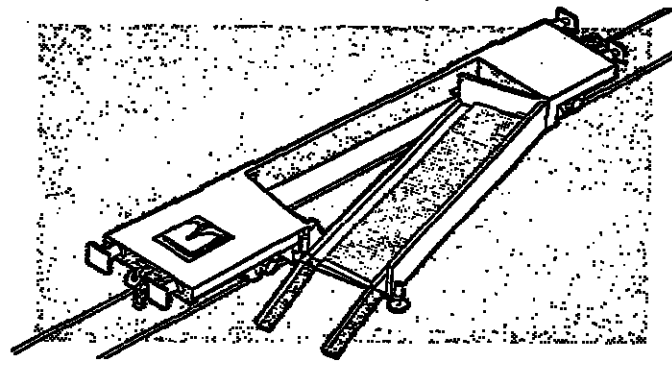
BRITISH RAIL has given the go-ahead for tests on a privately developed rail wagon which it believes might provide a breakthrough in attempts to win a bigger share of the freight transport market.

Tiphook Rail, a subsidiary of the Tiphook container and trailer rental company, has ordered five of the wagons, which will be built in Finland for about £35,000 each.

The innovative feature of the wagons is a swinging central section, powered by compressed air, which would allow the trailer sections of articulated vehicles to be transferred direct from road to rail without cranes or other expensive equipment.

That would improve access to the railways for companies sited away from the network, and might make rail transport more attractive, particularly for longer journeys.

The development of the Tiphook wagon is also in tune with worldwide moves towards



An artist's impression of the wagon

greater integration of different forms of transport, known as intermodalism.

It would accommodate standard trailers on many British Rail routes, although loading restrictions would mean that some specially built equipment would have to be used.

Mr Robert Montague, chairman of Tiphook, claimed the wagon concept was revolu-

tionary, and could provide the basis of a national network of roll-on roll-off road-rail transport.

Tiphook is a recent entrant into the expanding privately-owned rail wagon sector, which now accounts for more than 40 per cent of freight rolling stock on the BR network.

The company is rapidly establishing a reputation for innovation. It is also considering buying a fleet of four locomotives to haul freight.

Mr Ian Brown, BR's finance and resources manager for freight services, said the corporation was excited about the wagon design, which might prove to be a dramatic breakthrough in intermodalism.

"Our engineers have looked at the general concept, and it seems very exciting indeed. The next step is to make sure that it works," he said.

Mr Brown made clear, however, that Tiphook would have to demonstrate that there was a commercial market for the wagon before many of them would be accepted on the network.

British Rail has recently introduced a road-rail service called Minlink for small containers, but that does not allow wheeled vehicles to be transported. An earlier experiment with dual-wheeled vehicles capable of running on both road and rail proved an expensive flop.

## Changes urged in ferry design

By Kevin Brown, Transport Correspondent

A LEADING SHIP designer yesterday called for changes in the construction of roll-on-roll-off vehicle ferries in the light of concern over the loss of the Herald of Free Enterprise.

The Herald, operated by Townsend Thoresen, capsized in less than two minutes off Zeebrugge three months ago after sailing with its bow doors open. Nearly 200 passengers and crew were killed.

Mr Marshall Meek, vice-president of the Royal Institution of Naval Architects, told a public inquiry into the disaster that roll-on-roll-off ferries were more likely to capsize than other ships because of their large, open vehicle decks.

He said transverse bulkheads should be incorporated in new ships to prevent seawater flooding an entire deck, and similar modifications should be made to existing vessels.

Transverse bulkheads have not previously been incorporated in roll-on-roll-off ferries because of fears that they would slow down loading and unloading, which might affect the viability of some ships.

Mr Meek told the inquiry, however, that companies had to choose between giving passengers and crew more chance to escape in an emergency, and the possible effect of design changes on freight capacity and turnaround times.

He had been pressing for design changes since the early 1970s, but it had been "a difficult subject to pursue, and not one that has found encouragement around the country."

## Private housebuilding pace shows no sign of slowing

BY ANDREW TAYLOR

THE PRIVATE housebuilding boom shows no sign of slackening.

Figures published yesterday by the Environment Department show that builders started work on 20,500 new homes last month — 11 per cent more than in the same month a year ago, and the highest level for 15 years.

Private sector housebuilders continue to lead the way. The number of private homes

started by builders during the three months to the end of April, after allowing for seasonal adjustments, rose 28 per cent compared with the corresponding period a year ago and by 20 per cent compared with the previous three months.

Public sector housing starts in the three months to the end of April were 6 per cent higher than in the previous three months, but 5 per cent lower than in the corresponding period last year.

TODAY: Apex annual conference in Scarborough.

WEDNESDAY: Mrs Margaret Thatcher, Prime Minister, attends world economic summit in Venice. Credit business (April). Retail sales (April-annual). Producer price index (May-provisional). Start of two-day national strike by civil servants as part of a campaign for better pay and conditions. Major new transport announced by Sealink.

TUESDAY: EC Transport Council meets in Luxembourg to discuss the air travel deregulation. Financial Times holds conference on international collabora-

tion in aerospace — problems, progress and prospect in Paris (until June 10). Forty nation disarmament conference resumes in Geneva on ban on chemical weapons.

WEDNESDAY: EC Consumer Council meets in Luxembourg. Nalco annual conference in Blackpool (until June 12). Spanish municipal, parliamentary and European elections. Pilkington Brothers results.

THURSDAY: General election. Provisional figures of vehicle production (May). International banking statistics (first quar-

ter). EC Internal Market Council meets in Luxembourg. International air show opens in Paris (until June 21). Nato Foreign Ministers meet in Reykjavik (until June 12). Westland interim results. Becham Group results.

FRIDAY: Tax and price index (May). Retail prices index (May). Construction output (first quarter). Usable steel production (May). President Reagan meets West German Chancellor Kohl after visiting West Berlin. Brown Shipley Holdings results.

## Hugo Dixon looks at the implications of the start of sales of mortgage-backed securities

# Home loans set off for the international bond market

BRITAIN'S fledgling mortgage-backed securities market has been given a considerable boost by the formation of First Mortgage Securities, a specialist mortgage company, announced yesterday. The securities are home loans sold off in packages on the international bond market.

The names of FMS's shareholders — Morgan Grenfell, Bank of Scotland, GEC Financial Holdings, the electrical company's financial services arm, and Foreign & Colonial Enterprise Trust, the investment manager's venture capital subsidiary — will all lend credibility to the new market.

FMS joins four other specialist mortgage companies,

formed over the past few years — National Home Loans, the Mortgage Corporation, the Household Mortgage Corporation and the Mortgage Funding Corporation. These companies finance, administer and scrutinise mortgages.

The structure of FMS's business, however, and how it plans to play in the mortgage-backed securities market differ from these in a number of ways.

First, FMS will not write home loans on to its own books. Most of the other specialists write the mortgages on to their own books before selling a bundle of them to a vehicle company. The vehicle company pays for them by issuing bonds, using the mortgages as its security.

FMS will write the home loans straight on to the books of the vehicle company. That, Mr Nick Deutsch, its managing director, describes as neater. It will also be the key to many of the company's other innovations.

The second is the decision to write the home loans not in its name but in the name of the institution that originates them, although it has not done so with Sun Alliance, its first client.

The principal candidates are life assurance companies, estate agents, retailers and building societies, Mr Deutsch says.

The third point is greater flexibility in the mortgage product. Each originator will be able to decide what type of

mortgage it wishes to sell to its clients. It can choose to offer fixed-rate mortgages, as Sun Alliance has, floating-rate ones, capped ones or any other type.

The fourth point is profit-sharing. Mortgage specialists make their profits by charging home owners a higher rate than they have to pay to borrow money on financial markets. At the moment, the spread between the mortgage rate and money market rates is particularly wide, giving the opportunity for large profits.

Normally, the specialists keep all the profits and the originators get their kick-back from writing the life insurance that goes with most mortgages. FMS, however, plans to share the profits of each vehicle company with the originator that

supplied the mortgages. It will not, however, be doing that with the Sun Alliance deal.

The final innovation is FMS will have no right to use the customer base it builds up from mortgages for other purposes. The possibility that other financial institutions will try to steal their clients is something that worries originators, Mr Deutsch says.

FMS's organisation will differ in being much smaller than most of the others. It expects to have about 12 employees and will not create its own unit for administering loans, at least in the short term. It will be using Mortgage Systems, a company based in Fleet, Hants, in the Sun Alliance deal.

"Our philosophy is to sub-

contract wherever economically feasible," Mr Deutsch says.

However, although small, FMS has ambitious plans. Each of its four outside shareholders has put up £5m for a 25 per cent stake (the remaining 10 per cent is being kept by the management).

FMS will put capital into each vehicle it sets up equivalent to 5 per cent of the value of the vehicle's mortgage portfolio. That will allow the vehicle to borrow short-term money until the mortgages are ready to be securitised.

That gearing ratio means that FMS will initially be able to hold \$400m in mortgages. The faster it can turn round its mortgage book, the more it can lend.



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## UK NEWS-LABOUR

## BT flexible working plan 'behind schedule'

By Charles Leadbeater, Labour Staff

BRITISH TELECOM'S wide-ranging efficiency programme to reduce demarcation lines between engineers by introducing more flexible working practices is behind schedule, according to Mr Derek Bourne, the senior National Communications Union official overseeing the negotiations.

It seems likely that working practices will start changing only during the middle of next year, almost two years after the settlement date of the deal under which the changes are being introduced. The company first suggested the programme in 1985.

Negotiations on implementing other efficiency measures agreed by the union this year—such as allowing more flexible team working—have yet to get under way. The so-called job responsibility programme is being introduced as part of the 12 per cent two-year pay deal BT agreed with the NCU, the main union in the company, in February.

Mr Bourne said the company had delayed the start of the talks to allow time for local and corporate managers to clarify ideas on what changes they wanted.

He said initial discussions aimed at agreeing the general shape of the possible changes, for instance to merge the work of installation and maintenance engineers, the negotiations were being determined by local requirements.

Under the two-year deal, 110,000 engineers are due to get a payment of 0.5 per cent by June 30 for agreeing a framework for introducing the changes and a further 1.6 per cent on June 30 next year if the package is being implemented.

The NCU yesterday opened the way for a merger with the Union of Communications Workers, which might create a 300,000-strong communications technology union by the end of the decade.

Delegates at the NCU's conference, at Blackpool, voted by 85,855 to 60,102 to instruct the union's leadership to open urgent negotiations with the UCU.

The vote overturns the decision of last year's NCU conference to halt merger talks. The UCU's leadership has been in favour of a merger for some time.

The NCU has 150,000 members, mainly in British Telecom. About 30,000 of the UCU's 150,000 members work in BT, the rest in the Post Office.

## Talks stalemate threatens Bedford's Luton plant

BY JOHN GAPPER, LABOUR STAFF

GENERAL MOTORS said yesterday that an impasse in negotiations over far-reaching changes to working practices at its Bedford van plant at Luton, Bedfordshire, would threaten the plant's future if it continued next week.

A mass meeting of 1,900 workers at the plant on Wednesday evening decided not to agree to a framework package for the proposed new joint venture with Isuzu, the Japanese manufacturer, without knowing details of pay and conditions.

The company has insisted that a framework agreement is a pre-condition for further discussions in order to satisfy Isuzu that an acceptable foundation is in place to justify its investment in the new venture.

Separate talks of the two sides were held at the plant yesterday to try to resolve the differences by next week.

General Motors, which has

called for a full agreement by July 24, had counted on a framework agreement being made by the end of this week.

A spokesman for the company said the dispute threatened the new venture—which it says is needed because the plant is presently losing £500,000 a week—as the timetable for reaching an agreement was already short.

He said: "The problem is already critical because we need to maintain Isuzu's confidence. Perhaps there is an element of complacency on the union side about this because they do not seem to have grasped the gravity of the situation."

The company argued that for the unions to sign a framework agreement would not be the equivalent of handing it a "blank cheque" to change working practices because the full package would also require agreement.

The workers' mass meeting

backed a resolution put by union negotiators that discussions should be deferred until the company agreed to disclose pay and conditions proposed by the new joint venture, including the new grading structure.

The main thrust of the company proposals is believed to be a move to more flexible working practices, along with a joint negotiating council of plant unions and changes to the pay grading structure.

Mr Peter Amos, a divisional officer of the white collar union ASTMS, said that union negotiators realised the gravity of the problem faced by the company, and were discussing ways in which full negotiations could be resumed next week.

He said: "Patently, the situation is incredibly serious and everyone recognises that. Yes, there is an impasse, but with goodwill on both sides, we believe it can be resolved."

## NUM faces £1m test case bill

BY CHARLES LEADBEATER, LABOUR STAFF

THE National Union of Mineworkers could face a legal bill of about £250,000 after losing a special conference earlier this year had approved an increase in membership contributions.

Mr Arthur Scargill, the union's president, said a financial restructuring plan recently adopted had taken into account the possibility of having to pay the costs in the case.

The House of Lords ordered the union to pay British Coal's costs in the case, after it upheld the corporation's practice of not including pension contributions

in calculating the compensation that should be paid to miners who lose wages after an accident.

Mr Scargill started the litigation in 1977, as president of the Yorkshire area of the NUM. The union's claim that compensation should be based on gross pay rather than pay net of pension contributions was initially upheld by the High Court, but the judgment was overturned.

Mr Scargill said that had the case been successful it would have led to £30m being paid in compensation to miners.

However, the NUM said yesterday the union's finances were on a sound footing after a special conference earlier this year had approved an increase in membership contributions.

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## EETPU on a collision course over single-union agreements

WHEN Mr Eric Hammond, general secretary of the EETPU electricians' union, spoke this week on single-union agreements to his union's biennial conference there were two particularly significant bursts of applause from the delegates—when he said he wanted to see the union remain in the TUC and, seconds later, when he said he was not prepared to see that at any price.

It is then the maverick electricians' union once again heading for a clash with the TUC that might, whatever the outcome of the election, turn the TUC's annual congress into a battleground? And if it is—does it matter?

All the signs are that conflict is coming. And when it does, it will be on a more difficult and far-reaching basis than the last two times the EETPU has gone to the brink.

In retrospect the first occasion—with the AEU engineering workers over taking government money for ballots—seems an irrelevance: sound and fury over little.

Philip Bassett on how the maverick electricians' union might rock the TUC boat again

union recognition deals that would be likely to rule out the EETPU's strike-free agreements.

That may no longer be a problem. Mr John Edmunds, GMBU general secretary, has said recent TUC inter-union disputes committee findings on two EETPU single-union deals may make new inter-union agreements "irrelevant" in which four unions (principally the EETPU and the TGWU transport workers) bid against each other for recognition rights.

Ever before the actual signature of the TUC's disputes procedure.

The two recent disputes committee findings told the EETPU to withdraw from agreements with Yuasa Battery and Thorn EMJ and, reluctantly, the EETPU is complying.

But EETPU leaders are already insisting privately that if the TUC repeats its instruction over Orion they will not comply—because they believe their signing the deal accords entirely with the TUC's changed policy providing for single-union agreements only in specific circumstances.

If that happens, the EETPU knows it will be put through the TUC's disciplinary procedure, facing suspension and expulsion. But if that happens, the EETPU will pre-empt it by going out to a membership ballot on continued TUC affiliation.

The EETPU's determination on the issue is all the more extraordinary when the scale of the union's potential losses of which could be considered. Without the protection of the TUC's Bridlington inter-union principles, whole sections of the EETPU's membership would be vulnerable to unchallengeable poaching by other unions.

The electricians have made them at once a fetish, testament to the union's belief in its own trail-blazing spirit and a key mechanism for current and future membership growth.

Since the pace of unions signing sole bargaining deals started to accelerate about three years ago, when the EETPU's original strike-free deal at Toshiba began to emerge as a consistent package offer (although the actual numbers still remain small), the TUC has striven to hold the line.

But pressures for single unionism, especially from employers, are mounting. For the TUC, letting the position go—currently opposes them, except on new, greenfield sites—would lead both an unacceptable anarchy in inter-union competition, and a blow to its own role and function towards its affiliated unions.

Leaders of EETPU feel they are facing two obstacles, either of which could break their continued TUC membership. The first is an idea from the GMBU general union, recently beset by the EETPU over a South Wales single-union deal at Matsushita, to set minimum standards for

## Legal Notice

No. 00268 of 1987  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
THE MATTER OF  
BIOC PUBLIC COMPANY AND  
THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 15th day of May 1987 presented to His Majesty's High Court of Justice for the cancellation of the Share Premium Account of the above named Company amounting to £28,489,580.78.

AND NOTICE IS FURTHER GIVEN that the Petition is to be heard before The Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London, on Monday the 15th day of June 1987.

ANY Creditor Stockholder or Shareholder of the said Company desiring to oppose the making of an Order for the cancellation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for the purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED this 15th day of June 1987  
LINDLATH & PAINES (A.Rob)  
Barristers at Law  
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London EC2V 7JA  
Solicitors for the Company

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L.P. SHARPEngineering group shifts  
quality control to workers

BY JIMMY BURNS, LABOUR STAFF

WEIR GROUP, the Scottish-based engineering group, has secured an agreement from unions under which its manual workforce will be made directly responsible for the quality control on the shop-floor.

The agreement, built into the annual wage award at Weir Pumps, the group's main division, completes a three-year programme of radical changes in working practices.

The group has insisted on the changes as part of its financial recovery plan following its near collapse in 1981, and in response to increased international competition in the high quality, high technology engineering sector.

Mr John Frew, general manager in charge of production, said yesterday: "We have

undergone a significant change of attitude. We now have the type of thinking you find in the Far East where the worker is totally responsible for his work."

Under the system the 1100-strong workforce at Weir Pumps will be expected to produce a high-quality product first time, rather than inspect the quality of a product after it has been manufactured.

Mr Frew predicted that by helping increase the group's competitiveness and market share, the workforce would gain higher earnings through productivity-linked bonuses.

The main unions represented at Weir Pumps' two Scottish plants are the Amalgamated Engineering Union and the General and Municipal and Boilermakers Union.

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## UK NEWS — THE GENERAL ELECTION

Children  
'given the  
three Cs  
in school'

BRITAIN'S schoolchildren need the three Rs but instead they are getting the three Cs—centralisation, conflict and cuts, Mr David Steel, the Liberal leader, said yesterday.

Speaking at Shipley, Yorkshire, Mr Steel said: "The results are clear. It is not our children who are failing in our schools—it is the school system which is failing our children."

What is the good of 2p off the income tax if parents have to buy exercise books? What is the good of 2p off income tax if shortage of equipment means learning less?

He said the Conservatives had wrought havoc in schools and with the education of children. The Alliance was determined to bring peace to the classrooms by restoring teachers' negotiating rights, improving standards, involving parents and increasing investment in schools.

Mr Steel said the Tory manifesto boasted that the Government had provided more resources for pupils than ever before. But in fact only a few had benefited.

"The majority are left to languish in the under-valued, underfunded and out-of-favour state sector," he said.

Speaking after a poll in Farmers' Weekly magazine showed that Alliance support among farmers had doubled while Tory support had slumped, he said: "The Government has crucified British farming with the result that farm incomes are lower today than at the last election."

And he pledged that the Alliance would ensure that the agriculture industry was an essential part of the modern economy—"we believe that the family farm is the backbone of the countryside and must receive a fair deal."

The Alliance would encourage conservation, organic farming, and less intensive methods of livestock production and reverse government cuts in agriculture research, education and advice.

In the evening at a rally in Edinburgh, Mr Steel said the Alliance was on course to take many Scottish seats in the election.

"Since Mrs Thatcher has been leader of the Conservatives we have taken three more Scottish seats from them. We are on course to take many more next week."

The Alliance has high hopes of capturing at least one Edinburgh seat. In 1983 they came within 500 votes of taking Edinburgh West.

The Liberal leader said there was no possibility of Labour gaining a majority in the House of Commons, whatever their support in Scotland. "We are even poised to gain a number of Labour seats."

## Newspapers shout out their unsecret manifesto: lash the lurking lefties

Fiona Thomson on national press priorities

THE LATE Genghis Khan (Raging Conquest and Unionist Party) is a "don't know," it was exclusively revealed in the Sun's psychic election poll on Monday.

Bodicea, who took Caister by a landslide in AD 60 and put to death 70,000 members of the opposition (Roman Colonists Party) is plunging firmly for Mrs Thatcher. "When I hear the words of Kinnoch and his ilk I feel ashamed for England," she confessed.

This remarkable posthumous poll was conducted by medium Nella Jones, from Bexleyheath in Kent. Overcoming the barriers of mortality and language she interviewed a series of noted democrats, including Henry VIII. "Were I king today, I would chop the heads of Hamilton, Grant, Livingstone and the rest of the Republican rabble."

It has been one of those weeks. On Tuesday, the Mirror gave us "Election sensation—top Tory quits." Duke, the British bulldog who shared equal billing with Conservative chairman Norman Tebbit, launching the Tory manifesto, had changed sides.

Apply ing "sound Thatcherite principles" he had sold to the highest bidder—The Mirror. "Duke cocks a snook at old Norm," the headline went.

Beneath the humour, the real theme of the week for much of the press was fear, and how to whip it up.

The rhetoric on Monday was relatively subdued in the heaviest: "Labour tax plans will hit average incomes." The Telegraph not so in the popular press. The Express went to town on the Labour leader. "The sinister silence of Kinnoch's barons" (union

activists lurking in the shadows, waiting); "Kinnoch's tax threat to 12m"; and "Kinnoch's heaviest turn vicious," a piece about his team of "bovver boys"—Denis Healey, Roy Hattersley, Gerald Kaufman and Bryan Gould—being "let off the leash" to begin the attack.

Mr Healey will never be the same to many of us after Michael White's piece in Thursday's Guardian. "Mr Denis Healey yesterday visited a mental hospital where he was a predictable success with the patients. Relative to Mr Healey, most of us are mentally handicapped and the shadow Foreign Secretary has no need to modify the technique he has long since perfected for dealing with the less fortunate."

Lurkers of every sort: union barons, lonies and

lefties, plagued Mr Kinnoch all week. The Sun on Tuesday: The unions "have paid their money to a garrulous Welsh piper. If he is elected, they will insist on calling the tune."

The Telegraph on Wednesday: The Prime Minister warns that repeal of trade union reforms would mean violence at the factory gates with workers "being spat at, stoned and victimised."

The Express on Thursday: "The unions, like the Militants and the loony left are staying as sweet and quiet as Mafia mourners at a godfather's funeral."

The Mail yesterday went completely over the top. "The most dangerous, powerful and ambitious elements within the Labour movement have entered into a devil's pact with Kinnoch" to shut up for the duration, Paul Johnson assured us. All had

been gagged: "the screaming, spitting lesbians and sex perverts, the race fanatics who bully head teachers, the peace studies propagandists, organisers of municipal rent-a-mobs—most of all the trade union barons."

Beneath the verbiage, it is clearly a serious worry. A leader in The Independent headlined "Rightful curbs on union power" said "We would be loathe to see Mr Kinnoch attempt to turn the clock back."

The Guardian, in a leader on Wednesday, said industrial relations was the "one great subject about which Labour is keeping deliberately silent."

It has not been a great week for the Alliance, though at least the full page "Dracula Doctor" story in the News on Sunday was not wicked smear against Dr David Owen, which must have

come as a relief. The problem was David S and David O would keep tripping over each other's words.

The Sun on Wednesday: "Alliance partnership rocked" by Dr Owen's "our last chance" statement. Then, on Thursday, after a day of dithering, will-he-won't-he work with Mrs Thatcher, the Mail put it bluntly: "Steel makes a U-turn. Liberal leader gives in to Owen after pleading no deal with the Tories."

Some of the tortuous tongue twisters offered up by both Davids beggared belief.

The Tories started the week on the attack but became very twitchy mid-week following the Newnight poll giving a fillip to the opposition over margins.

The Mirror on Thursday managed to put things in perspective: "Thatcher having sex hormone treatment to keep herself young," it shouted. Downing Street snuffed, refusing to confirm or deny.

Mrs Thatcher's style and personality were under fierce attack for most of the week. The Times on Tuesday reported Mr Kinnoch labelling the PM as "an ambitious, would-be empress surrounded by spineless doormats for Cabinet ministers."

She managed to maintain a regal "saddened rather than angered" pose early on in the week but could not keep it up. The Mirror yesterday: "Edgy Thatcher shows the strain. She snaps then cracks and drops a real clanger."

"My day, my time, my doctor," said Mrs Thatcher. For one, brief, moment I thought The Time Had Come for Dr Owen. But no.

Thatcher defends  
strong and clear  
leadership style

BY JOHN HUNT,

MRS MARGARET THATCHER last night hit back at those who had criticised her style of leadership and accused her of creating "two nations" by her policies.

Speaking to a large rally in Chester, she declared: "Strong, clear and consistent leadership—that is the only way to secure success at home and respect abroad."

"To the charge of providing that kind of leadership I gladly plead guilty."

Mrs Thatcher's words mark a change in the emphasis of the campaign. Under fire from Labour for alleged "arrogant" style she has been emphasising the team spirit of her Cabinet.

But with Mr Neil Kinnoch, the Labour leader, successfully putting across his personality in the campaign her speech last night indicated that the Conservative tacticians had decided to put her once more to the fore.

On the charge of creating two nations, she hit back at Labour accusations that her Government's policies were divisive. She found this "hypocritical" coming from a party which believed in and practised the theory of class warfare.

Labour believed that the road to power lay in turning one section of the people against another. "To Labour's charge of being a divisive I answer in one word—humbug!" she declared. She said that the truth was that the Government had given the country leadership—definite, strong, clear and above all consistent.

She also counter-attacked her opponents who accused her Government of being autocratic. To lead meant taking hard decisions—"not everyone will agree

with you—that is what democracy is about." In spite of her critics she made it clear that she intended to stick to the policies she had laid out in the manifesto.

"A strong, consistent leadership is pushing ahead the policies which unite the nation." She gave six examples which she said were the "unifying objectives of the Government and which all sensible people supported."

These were the freedom of home ownership, freedom of letting parents have a say in which schools their children attend and what they were taught, freedom of the work place and the right of employees to decide whether to belong to a union, freedom to save and share in national prosperity, freedom under a law impartially enforced by the police, and above all national freedom against aggression by well equipped armed forces.

"Here then are the six objectives around which the nation can unite," she emphasised. "All of them are Conservative policies. They constitute the heart, the core, the bedrock of Conservative policy. Strong leadership to unite the nation—that is what Conservative Government is about."

She turned on Labour and accused it of "the arrogance of power." It was the party which wanted to punish people who did well for their families by building up businesses and providing jobs. No matter how many jobs any entrepreneur created the Labour Party would insist on levelling him down. It was the politics of envy and decline.

Consular  
closure  
attacked

By Tom Lynch

MR DENIS HEALEY, the shadow Foreign Secretary, yesterday criticised the Government's decision to close the Iranian consulate in Manchester and expel the five officials, likening it to the expulsion in 1984 of four Libyan diplomats after the murder of a police officer.

At a press conference in London yesterday he referred to last month's arrest of one of the Iranian consular staff in Manchester on shoplifting and other charges. Mr Healey said it looked as though Sir Geoffrey Howe, the Foreign Secretary, "was trying to find an excuse to take a man who is subject to civil proceedings beyond the reach of British law."

He recalled that one of the Libyan diplomats expelled in 1984 had been responsible for the police officer's murder. At the Conservative press conference a few minutes later, Mr Healey said it sounded as if Mr Healey was speaking with "characteristic irresponsibility."

"It is most important on a matter of this kind to recognise that our judgments and decisions have to be shaped with regard not only to securing the right response for the totally unjustified conduct of Iran, but to secure as far as we can continuing safety of British subjects throughout the world."

## Cleeve called

ACTOR John Cleeve is set to give the Alliance a final boost in election week in his first campaign appearance for the SDP.

He will be part of a rally tomorrow at Richmond, one of the seats the Alliance must win if it is to break through. Sir Richard Attenborough, Bamber Gascoigne and actor Simon Cadell will also be lending their support.

He may not have the cuddly charm of Mr Baker but he has one great advantage over most of his colleagues—he knows his subject a great deal better than any inter-tower and most political opponents.

And the Chancellor has also learnt the value of focusing on just a handful of set themes. Britain's economy is now growing faster than that of any of its major rivals, there is a new respect overseas for its industry, the CBI is optimistic, cash is flooding into sterling.

Sometimes his mind seems to work much faster than that he can speak. The result is a tendency to slur his words and appear inarticulate. Generally though, questioners and audiences are impressed by his grasp of almost everything from standing charges on gas bills to hospital waiting lists and pensions, to the minutiae of corporate taxation.

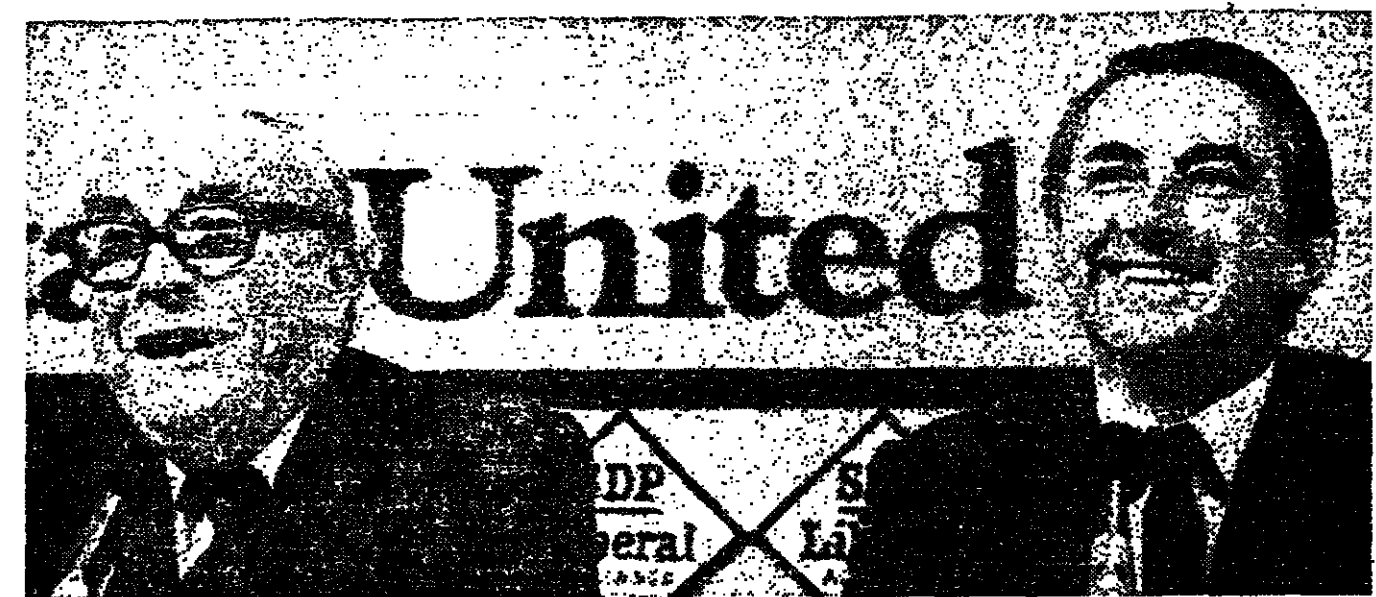
As importantly, the Chancellor has managed to suppress his natural instinct to be rude to people who ask silly questions. An hour of aggressive questioning from listeners to Election Call brought only one gratuitous insult—and that was directed at Sir Robin Day.

He dismisses the idea that he is out of his depth in politics as opposed to Government. The press, he says, tends to draw one-dimensional images of politicians which are almost impossible to shake off.

"You just cannot survive as a politician unless you enjoy it." But can someone who likes nothing better than outwitting Treasury experts on the finer points of fiscal and monetary policy really enjoy trapping through Midlands marginals defending the Government's record on health or pensions?

"Yes," he insists. "But then as an afterthought: 'When I'm in the mood, I can't say that it's all pure joy.'"

Then, of course, there is the winning. Mr Lawson is supremely confident of that. He has been busy fixing up a whole series of policy meetings with Treasury officials—for after the election.



Key word that speaks as loudly as a smile: Roy Jenkins and David Steel during yesterday's Alliance press conference

## Alliance bids to win undecided voters

BY LISA WOOD

THE Alliance yesterday made its bid to win over undecided voters who found both Tory and Labour manifestos unacceptable.

David Steel, the Liberal leader, told a press conference that voters faced an impossible choice.

Millions of them would like to "buy" the social concerns of Labour but not its defence policies. Conversely, others liked the Conservatives' econ-

omic policies but not those on unemployment, education and health.

He said: "By supporting the Alliance they are able to combine the best of both—a super-vote." He claimed that was why the thoughtful voter was moving towards voting for the Alliance.

Also on the platform was Mr Roy Jenkins, the SDP candidate for Glasgow Hillhead. He criticised both Mrs Thatcher

and Mr Kinnoch for their rejection of consultation and compromise with the Alliance in the event of a hung Parliament.

He said: "My firm view is there is nothing in history or geography to suggest that coalition government is weak government and one-party government is effective government."

The same theme was taken up by Mr Alan Beith, Liberal

candidate for Berwick-upon-Tweed.

He said: "The two-party shouting match of confrontation policies in the House of Commons is getting us nowhere. It infuriates the voters and it does nothing to unite the country."

He said when a Government has no overall majority it had to listen to other views. Governments without majorities had a simple choice—they listened or they went.

'Deceitful'  
policy  
denounced

BY PETER RIDDELL AND IAN HAMILTON FAZEY

THE SDP/Liberal Alliance is pressing the Tories closely in Winchester according to a Marplan poll commissioned by the social democrats.

The poll of 750 voters, undertaken earlier this week, puts the Tories on 47 per cent, down 10 points compared with the 1983 general election. The Alliance is 6 points up at 40 per cent, with Labour on 12 per cent.

There has been considerable controversy among Winchester Conservatives following the publicity concerning the legal action between Mr John Browne, who is seeking re-election for the Tories, and his former wife.

A further Marplan survey privately commissioned by the SDP puts its candidate on 32 per cent in Exeter, behind the

## Tories fall in Winchester poll

BY PETER RIDDELL AND IAN HAMILTON FAZEY

Tories on 45 per cent, with Labour clearly in third place on 22 per cent.

The SDP hopes in both cases to publicise the polls locally in order to squeeze the Labour vote.

Mori's latest series of polls in north-west marginals for Granada TV show Labour set to gain Hyndburn, where the Conservative majority last time was 21, but Mr Geoffrey Dickens, holding on comfortably in Littleborough and Saddleworth.

The Alliance has great hopes against Mr Dickens, the prominent Conservative backbench campaigner against pornography and child abuse, but the poll, broadcast regionally last night, shows them well back in third place with only 25 per cent.

This is a loss of six points on last time, all of which appear to have switched to Labour, now on 31 per cent according to the poll. Mr Dickens is up one point at 44 per cent.

Hyndburn, in north-east Lancashire, is being fought for Labour by Mr Keva Coombes, who has been experiencing a doorstep reaction to his membership of Liverpool City Council, in spite of personal endorsement by Mr Neil Kinnoch.

The poll shows him with 44 per cent, compared with 40 for Mr Ken Hargreaves, the Conservative defender. However, the margin for error in the polling is plus or minus 4 per cent, so the race is still in the balance. The Alliance is up one point on 18 per cent.

## Owen clings to hope of hung Parliament

DR DAVID OWEN, the SDP leader, yesterday clung to the hope that a hung Parliament was possible in spite of the Alliance's poor opinion poll ratings.

He told journalists on his campaign aircraft between Aberdeen and Edinburgh: "There's obviously got to be a turn-up for the books and I think a turn-up for the books is possible."

If agree that the last poll looks as if there's a Tory lead. But one thing is clear, the only options are a Tory lead or a balanced Parliament. A balanced Parliament is, I think, very

much on the cards still.

"I have always said that winning for us is holding the balance. That's what we are going for. That's what I hope and still believe is going to happen."

To journalists accompanying Dr Owen some of his familiar bounce appeared to desert him north of the border.

He was clearly irritated by a tussle with the Ministry of Defence, describing as "disgraceful" his thwarted attempt to go electioneering aboard a Royal Navy ship in Aberdeen.

He was allowed on board, but his press entourage was not.

The incident happened at the Hall Russell shipyard where he was to inspect the fishery protection vessel HMS Gurnsey.

The yard's burly, hard-hearted chief security officer, Mr John Macleod, blocked the way and told reporters they could not follow Dr Owen aboard.

When the BBC checked with the MoD in London it was told it was policy not to allow any politicians to seek election publicity at Ministry of Defence property.

The Hall Russell shipyard was recently privatised, but the ship is under MoD control.

## David Thomas on the Tory pledge not to privatise the letter box

## Uncertainty still hangs over the Royal Mail

MAIL USERS have welcomed the Prime Minister's statement this week that the Royal Mail will not be privatised. However, some business mail users are uncertain about the precise implications.

Mrs Thatcher said the mail would not be privatised because people felt very strongly about postal services allowed to operate during postal disputes had performed badly: "The mail often got thrown in the ditch, thrown in a hedge, thrown in the waste, or even at the end thrown back in the letterboxes."

Similarly, recent discussions about plans produced by right-wing think tanks for the privatisation of the Post Office have revealed anxieties among Conservative supporters that could lead to higher charges

for rural areas and the closure of many rural post offices.

However, Mr Leon Morelli, chairman of Pharos Distribution Services, a London company involved in forwarding business mail overseas, asked yesterday: "What does the Royal Mail Mail Data: post, parcels and counters—or does she just mean the letter service?"

The Post Office defines Royal Mail to include both letters and parcels. It has never had a monopoly over parcels and, although its parcels operation is much bigger than its com-

petitors, it accounts for less than 50 per cent of a fiercely competitive business.

Counters and National Girobank, its banking subsidiary, are the Post Office's main oper-

ations outside the Royal Mail. The Post Office would welcome greater friends for the counters in one respect.

At present, it is restricted to handling the business of Government agencies, but would like to be able to start dealing in a wider range of business or its counters, such as financial services, theatre and travel tickets.

However, it is opposed to the sale of its counter side, believing its counters to be intimately linked in with its other operations.

For similar reasons, it opposes the separate sale of National Girobank, long thought to be the most likely candidate for privatisation if the Conservatives are returned.

## Expert without a telegenic image

Philip Stephens finds the  
Chancellor in confident mood

MR NIGEL LAWSON, the Chancellor, has no doubts about what he most enjoys in an election campaign. "Winning," he says without a blush. But he is prepared to work for it.

The accepted wisdom is that Mr Lawson, though one of the most senior members of the Government, has been kept out of the front line for much of the campaign. He is not, it is said, "telegenic." Or, as one Conservative central office official puts it: "He's hardly in the Kenneth Baker class."

The Tory image-makers see another problem. Mr Lawson, whose portly frame anyway contrasts with the suave appearance of Mr Baker or, say, Mr Cecil Parkinson, is too interested in his job to worry about his tailor—though he has been forced to succumb to the central office hairstyles.

Lord Young, the Employment Secretary, has thus grabbed some of the choicest spots in the countless television debates on the economy. As a senior campaign co-ordinator with no seat to fight he has a big say in who the party will offer when the television companies come on the line.

Weekend World, for example, wanted Mr Lawson for its hour-long analysis of unemployment. The programme makers feared central office would offer Lord Young. And it was the noble Lord who duly appeared.

Mr Lawson, however, is not spending the election campaign in the quiet comfort of 11 Downing Street. A glance at his diary and an attempt to keep up with him for a day soon dispels that myth.

Tuesday of this week started with a 7 am interview on breakfast television followed by an hour-long appearance on the platform at central office as the daily press conference focused on the economy. By noon he was briefing financial journalists on the upcoming Venice summit, before heading to a meeting with local businessmen in the north London marginal of Edmonton.

A meeting with the party faithful in North Westminster, another marginal, left barely



Nigel Lawson: enjoys that winning feeling

enough time to deliver a lecture to the Chartered Insurance Institute in the City. It was then on to Sheen—high on the Alliance hit list—for a public meeting in the local community centre. By that time I had run out of energy and headed for

home. Mr Lawson struck out for Twickenham.

His key television appearances—on Election Call, Newsnight and Question Time—have also dispelled much of the scepticism about his effectiveness.



## Kinnock seeks support from floating voters

BY TOM LYNCH

MR NEIL KINNOCK, the Labour leader, yesterday launched a strong appeal to floating voters and argued that the Alliance had lost its opportunity to convince the electorate of its claim to the middle ground.

"The Social Democrats and Liberals have had their chance to represent the tide of concern now running strongly about what the Tory future would mean. They have not been able to take that chance," he said in a press conference in London.

A vote for the Alliance, the nationalists or any other party would be "a wasted vote which would divide the anti-Conservative majority and bring the result that all of those non-Conservatives most want to avoid."

Mr Kinnock said Labour would direct its appeal in the last few days of the campaign to those who were undecided and to those Conservatives who could not accept Mrs Thatcher's leadership system or support her policies.

He predicted that many such traditional Conservatives who wanted safeguards against the divisions which would increase under a third Thatcher administration, would be attracted to

Labour before polling day. "The votes of thoughtful Conservatives are still available for the Labour Party."

Labour did speak for the millions of people of all ages and classes who were concerned about education, health, pensions, unemployment and social division. "Bringing out the best in Britain will require a Labour government. The Tories cannot do it and will not do it."

Alliance predictions of holding the balance of power in a hung parliament were dismissed as coming from "a collection of people and they can hardly be described as an alliance these days who are desperate to borrow some vitality by giving the impression that they can play a determined part in the future government of this country. They would be better attending to their own divisions and inconsistencies before they start making recommendations."

He said he was delighted that the Alliance was being "pushed aside" in the south of England and claimed divisions had emerged at local level between rank-and-file Liberals and Conservatives for a rank and file in the SDP.

Mr Kinnock argued that it was

vital to minimise the division in the anti-Conservative vote. "The way to achieve that is to diminish the Liberal and SDP vote throughout the country."

He said Labour's appeal to those who were well off to assist "the victims of our society" was not purely an appeal to their generosity of spirit. "It is an expression of the reality that—as they well know—their prosperity, their security, their opportunity are all improved in a country that is united and jeopardised in a country that is divided."

As part of its drive to win over Alliance voters, Labour has sent out a leaflet to its constituencies for household distribution asking them to make an alliance with Neil Kinnock and the Labour Party and win for Britain. What the majority of voters want is Britain brought back together again and the basic values of tolerance, compassion and freedom respected once again.

Labour says its private polls say Alliance supporters would prefer a Labour government if their party cannot win. The number of those who would prefer the Conservatives by about two to one.

## Growth up with Labour says study

By Ralph Atkins

LABOUR WOULD increase economic growth and create more jobs than the Conservatives but at the cost of higher inflation and a worse trade position, according to a report from the Henley Centre, the independent economic forecasting organisation.

The report predicts that a Labour Government would reduce unemployment by about 900,000 in two years—not quite meeting the target of 1m set in its manifesto.

The economy would grow 3.3 per cent in 1988, compared with 3 per cent this year. But inflation would rise to 8.5 per cent by 1992 on the trade deficit on the current account would deteriorate by about 7 per cent over the same period.

Under the Conservatives, unemployment would remain constant at about 2.9m for the next five years. Economic growth would slow to 2.1 per cent this year and fall to 1.5 per cent by 1990.

However the report finds that Britain's economic performance will depend more on factors beyond the control of any government.

It says: "The short-term economic prospects for British business depends less of who wins the next general election than on a number of external imperatives such as oil prices, international interest rates, and production and labour costs in competitive countries."

If Mrs Thatcher were returned to power she would find it hard to reduce inflation further largely because of world conditions.

The trade position would also deteriorate if the Conservatives won the election—but not as fast as under Labour.

The report does not consider the Alliance's programme on its own but if a Conservative and Alliance coalition took office, the report says the effect would be similar to an outright Conservative victory. Unemployment, however, would fall by about 400,000 in three years.

The economic consequences of the next Government. The Henley Centre, 24 Tudor Street, London EC4A 3BA.



Glyn Gwin

## Plan to repatriate investment defended

BY TOM LYNCH

LABOUR'S PLANS to encourage the repatriation of overseas investment will be effective, and will not raise interest rates, Mr Neil Kinnock, the Labour leader, said.

He told a press conference in London that Mrs Thatcher's answer to economic difficulty was always to push up interest rates, with damaging effects on industry. By contrast, independent analysis had confirmed that Labour's policy of confining tax concessions to investment portfolios which were at least 65 per cent invested in the UK achieves its goal of attracting investment.

Questioned about a possible flight of capital from the UK in the event of a Labour victory, he said the new policy would safeguard against such an outflow. History showed that Labour Governments were more successful in attracting investment than the Conservatives, he added.

He went on to condemn City speculation on opinion poll rumours as "a very expensive and typically irresponsible game."

Later, on Channel 4 News, he told about 400 voters from marginal seats that £700m of investment had gone overseas in the last eight years.

Mr Kinnock said the worst independent forecast of the effect of Labour's economic policy had been a temporary rise in inflation to between 6 per cent and 7 per cent—but that would be in conjunction with unemployment of about 1.7m, as opposed to the 3.3m jobless when inflation last reached that level in 1985.

He said the party intended to bring its changes in personal taxation in such a way as to ensure that most taxpayers did not lose out. Proposals for scrapping the married man's tax allowance and abolishing the ceiling on National Insurance contributions would not affect people on low and middle incomes.

Mr Roy Hattersley, the shadow Chancellor, dismissed as "scare and inventions" news reports that Labour's tax plans would adversely affect those on incomes as low as £9,000 a year.

## Howe hits at Labour defence

BY LISA WOOD

LABOUR'S defence plans would destroy Britain's security and remove its power to work for peace, Sir Geoffrey Howe, the Foreign Secretary, said yesterday.

Sir Geoffrey, speaking at a press conference, said: "We are now in sight of a historic breakthrough in nuclear arms control between East and West. This has been achieved through our unwavering commitment to peace through strength."

He said that in Moscow this spring he and the Prime Minister had the frankest ever exchanges between East and West. "And I can say categorically," said Sir Geoffrey, "that Labour's policies, far from enhancing, would actually des-

troy Britain's effectiveness in discussions of that kind. Nobody would give a fig for the opinions of a Labour Britain."

Sir Geoffrey described as "breath-taking" Labour's claim that its defence policy was based on "squared and firmly on Britain's membership of Nato. Sir Geoffrey said: "I say 'breath-taking' for the very foundation of Nato's strategy is the nuclear deterrent."

He asked how Labour could say it was supporting Nato while proposing to close down America's most vital European nuclear bases. If Britain did that, said Sir Geoffrey, she would be kicking her closest ally in the teeth and Nato would be torn apart.

Asked about the prospect of

a nuclear weapon-free weapon zone in Europe Sir Geoffrey replied: "If trust between East and West continues to grow and blossom on a scale far beyond what it is at present, then we might be able to move in that direction, but not in the present time."

Mr George Younger, Defence Secretary added that if there was an East-West arms deal and intermediate range weapons were removed then "Nato will have to look to see our armoury is complete." Mrs Thatcher strongly denied that the Conservatives had anything to do with the leaking of a secret Ministry of Defence report that Labour's plans to scrap Trident would save £2bn less than the party estimates.

## Fewer farmers 'to vote Tory'

BY DAVID BLACKWELL

THE ALLIANCE has more than doubled its support among farmers, whose traditional allegiance to the Tory party is crumbling, according to a survey by Farmers Weekly.

The Alliance can now claim 23 per cent of the farming vote, according to the newspaper's poll of 1,000 farmers. The gains have been made at the expense of the Tories, whose support has fallen from

85 per cent in 1983 to 69 per cent. Labour is set to win only 2 per cent of the vote, according to the poll.

Farmers see the failure to deal with EC surpluses, artificially low farm prices and rural unemployment as the key issues. They also feel they have been given a raw deal by the Conservative Government. Almost 20 per cent of those polled said they would rather see anyone but Mr Michael

Jopling as the next agriculture minister.

Wales looks particularly bad from the Conservative point of view. In 1983 98 per cent of Welsh farmers surveyed voted Tory—but only 33 per cent intend to do so at this election.

This, says Farmers Weekly, could have serious implications for the party, as several key marginal constituencies in Wales have a large agricultural vote.

## Cromwellian Thatcher loses ground to Cavalier Kinnock

THERE WERE disturbing signs of battle-weariness among the ministers squeezed together on either side of Mrs Margaret Thatcher at the opening Conservative press conference.

Later, as the Tory battle bus toured London's Docklands—a Thatcherite success story—Mrs Thatcher looked faintly ghostly behind the bullet-proof windows, as she talked into her portable telephone.

By contrast, Mr Neil Kinnock came out as human and even reassuring in Labour's first—and decisive—party political broadcast. Neil walked along the cliffs with his wife Glorvyn, talking of his childhood and his hopes for a better future. Labour's problems seemed far away.

Like Borges the Argentine writer, Mr Kinnock the British politician is also "a weaver of dreams"—dreams which seem to have been catching on at an astonishing rate, as voters turn away from both Mrs Thatcher's vision of a "Great Britain" and the Alliance's alternative, all sweetness and light.

Indeed, from the start I thought the Alliance doomed. It is not just two leaders and a jumble of hybrid ideas which seem to put people off: it is also, I think, that with the exception of the wilful Dr David Owen, they lack plain old British bloody-mindedness.

It was this quality of bloody-mindedness which won Mrs Thatcher a second term in office in 1983, a war which my country lost. How was I then to judge the lady in terms of her own victory and our national defeat?

The last election was undoubtedly won on the tide of triumphantism that she first created and then brilliantly

MAXI GAINZA, the London correspondent of Le Prens, gives an Argentinian view of the election

exploited. But now, five years on, how am I—or the British public—to take the pictures of Second World War Spitfires skimming low over land-laid ships which we were gratuitously shown in the first of the Tory election broadcasts?

For once Messrs Saatchi and Saatchi united in all. The public was offended by the suggestion that only Tories were patriots. And I, and I guess many others, were upset at the coy allusion to the Falklands/Malvinas war.

Nevertheless the very use of such visual clichés also suggested from the first that the Tory campaign was tired and off-track.

It is beneath the showmanship and slick "packaging" of the campaign which has obsessed British commentators there is an ideological battle being fought which seems to me to draw parallels with the English Civil War—a war which pitted the Roundheads or Puritans in the prosperous East and South of the country against the impoverished Cavaliers or Tories in the North and West.

But more of conscience than of self-interest.

Mrs Thatcher, with her armour-plated—indeed, her iron-clad—confidence is not the Cromwellian figure her publicists would paint her as. Rather, she is Cromwellian—puritan, devoid of self doubt, righteous and totally without magnanimity in victory. How, then, can she be seen, Mr Kinnock owes more to the Cavalier—as do, in varying degrees, all opposition candidates.

His humble Welsh background—much played up in his own publicity—betrays his campaign manners. Like a latter-day Prince Rupert—hot-headed and dashing—he might as well draw parallels with the romantic banners which lie forlorn, abandoned in the triumphant wake of the Thatcherite so-called second Industrial Revolution: "them against us" workers' oppression, north and south, right and wrong—as in Cromwell's times. He and his followers yearn for the simple certainties of a class war—if only they could find one.

But over the past three weeks it has been Mr Kinnock who has barged our television screens. Night after night, with the help of his wily colleagues—notably the brilliant Mr Bryan Gould—he has come over as the persuasive figure, the best at suspending the viewer's disbelief, while the administration Mrs Thatcher, bound in her iron logic and relishing fading victories, has seemed increasingly out of touch.

Mrs Thatcher has tempted fate twice by calling early elections when her pollsters told her she was ahead. After the Falklands she could reap the rewards of a successful war. The voters responded. I see little sign of that this time.

## James Buxton on a constituency where candidates must speak Gaelic

### Appealing to age-old island values

WHEN Mr Calum MacDonald, the Labour candidate for the Western Isles, took a half page advertisement in the Stornoway Gazette last week he made only one point. He said: "I am fully committed to defending the sanctity of the Sabbath, both locally and nationally... I will work to defend the traditional island values with which I was brought up."

An aspiring MP for this constituency needs several qualifications. He must come from the islands (even if, like most islanders, he hasn't lived there all his life). He must speak reasonably fluent Gaelic and he must be a steadfast opponent of any dilution of the severe island Sabbath, when most ferries and aeroplanes stop running, many islanders stay indoors and new residents from elsewhere may encounter hostility for hanging out their washing.

In this general election the successful candidate has to have another attribute: he must somehow measure up to the stature of the very party retiring MP, Mr Donald Stewart who held the seat for the Scottish National Party for 17 years. All contenders face a conundrum: How much of the 54 per cent of the poll which Mr Stewart won in 1983 was his own personal vote and how much was the underlying SNP vote?

Four candidates—Labour, SNP, Conservative and SDP—are fighting for the seat. Though 75 per cent of the tiny electorate of fewer than 24,000 live on the biggest island of Lewis and Harris, where all the candidates come from, campaigning involves lengthy stays on the southern islands of Skye, North and South Uist, Benbecula and Barra.

The interior of these islands is a wilderness of peat bogs, lochs and rivers, divided into vast sporting estates often fighting bitter wars of attrition with local salmon poachers. However, along the coasts, especially on the west side with its sparkling white sands, are some surprisingly large communities of crofters.

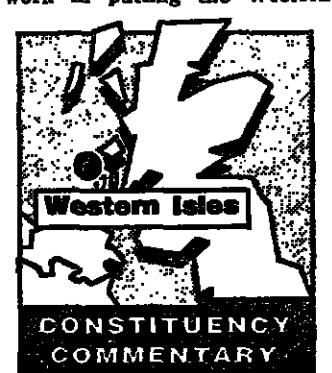
They seem to thrive more than the poverty of the soil would suggest. Their survival is assured by special grants and loans, subsidies for sheep and a 50 per cent rebate on rates. In almost every sea loch and inlet you can see the shacks of Scotland's rapidly growing new industry, the farming of salmon, creating some jobs and bringing new roads and piers.

The population of the Western Isles is rising, thanks to a little immigration and the decline of Scotland's rapidly growing new industry, the farming of salmon, creating some jobs and bringing new roads and piers.



Ian Smith: contends that the SNP put Western Isles on the map

at about 20 per cent, is no lower the worst in Scotland. Mr Ian Smith, the SNP candidate, contends that the improvement in the economy is partly due to Mr Stewart's work in putting the Western



Isles on the map. A small band of SNP MPs could, he argues, do more for Scotland—especially in a hung parliament—than the massed ranks of Scotland's Labour MPs. Mr Smith is light

years away from the cranky SNP demands of populism. He is a serious 50-year-old businessman who is bringing his family back to the islands after 20 years running companies on the mainland.

From his travels with the avuncular Mr Stewart he reports: "I've been in every area of the Western Isles and I can't find any slippage in previous SNP support." However, Mr MacDonald, the Labour candidate, whose party took 20 per cent of the vote in 1983, and which held the seat for 35 years up to 1970, disagrees; he believes he is attracting back the "soft" Labour vote which Mr Stewart enjoyed. Four years ago, his assistant says, he would not have been allowed to show his face to the workers at Lewis Offshore, the steel fabrication yard outside Stornoway which employs 350 people and once an SNP stronghold.

This week, however, he encountered mainly friendly audiences in the works canteen when he warned them a vote

for the SNP was a wasted vote. However, isolated SNP supporters subjected him and Mr Donald Dewar, the visiting Shadow Scottish Secretary, to hostile questioning. Why had the last Labour Government reneged on its promise to cut ferry tariffs—which keep the cost of living in the islands high—to the cost of motoring a similar distance by road, they were asked. Labour will do it this time, Mr MacDonald said.

Mr MacDonald combines youthfulness—he is 31—with a natural authority and calmness. He recently came back to Lewis to help run the family kitchen equipment retailing business, having for three years taught politics at the University of Los Angeles. "The SNP was an exciting new party in the 1970s. Now it's settled down to middle age." His own party supports the radical policy of taking estates of over 5,000 acres into public ownership.

The SDP candidate Mr Kenny McIver is a popular local councillor and broadcaster and claims to be picking up support among those who disapprove of Labour's policies on both defence and on moral issues. Convinced that the Alliance (which lost its deposit in 1983) is a chance to win in the Western Isles, Dr David Owen has twice been to campaign for him in recent months. But his party lacks the organisation of the SNP and Labour.

The Conservative, Mr Murdoch Morrison, is fighting to retain the small but usually solid Tory vote (almost 10 per cent last time) with what must be the millstone of the community charge round his neck. Even Conservative supporters in the islands doubt the wisdom of this flat rate charge that is to replace rates in Scotland. It appears to mean the end of the crofters' prized 50 per cent rates rebate.

WESTERN ISLES  
1983 election result: D. J. Stewart (SNP) 3,372; B. D. Wilson (Lab) 4,569; M. Morrison (Con) 1,460; N. McLeod (Lib) 876. SNP majority 3,712. Turnout 66.6 per cent.  
Candidates: M. Morrison (Con); C. A. MacDonald (Lab); K. McIver (SDP); I. Smith (SNP).

The Western Isles have sent only two MPs to Westminster in the last 52 years. Whoever wins this contest should build up a personal vote just as Mr Stewart did. As one islander says: "We like to have a steady serious responsible person." For most of them the choice is between the youthful maturity of Mr MacDonald and the middle-aged steadiness of Mr Smith.

## How TV helped stir voters to register

PUBLIC INTEREST in voting in the general election has been "overwhelming" according to Mr Kenneth Marshall, acting electoral registration officer in the London borough of Southwark.

It is a borough whose 172,166 electors are drawn from three diverse communities—stretching from the leafy suburbs of Dulwich to the shabby streets of Peckham, Southwark and Bermondsey.

In the 1983 general election, the turnover averaged 60 per cent—well below the national average of 72.7 per cent although Dulwich, a Tory marginal, managed 67.1 per cent. Southwark and Bermondsey, won by the Alliance, secured 61 per cent and Peckham trailed with 54 per cent.

Mr Marshall, one of the 400 electoral registration officers in England and Wales, is responsible for preparing the electoral register in his borough and administering what he calls the "tried and trusted" British system of managing the ballot boxes. In turn he is directly responsible to the returning officer which in Southwark is the deputy Town Clerk.

He has heightened public interest? Mr Marshall is emphatically neutral. "My position is totally non-partisan. We follow the Representation of the People Act and set up the Home Office directives."

However, he does give some of the credit to the intense television coverage of the general election, which has stirred up a dialogue between electoral registration officers and the Home Office.

"It would be helpful to have

electoral registration. One elderly lady rang up asking that she be included in the July supplementary electoral register so she could vote later in the year. "Frank Bough (the BBC television presenter) says there is going to be a referendum," she confidently asserted.

Mr Marshall said that as soon as the Prime Minister announced the general election the telephones started ringing and his staff of six

a forum where we could discuss the holiday vote before it became administrative problems," says Mr Marshall.

He believed the Government should also play a more positive and imaginative role in informing people about voting. "Much of the onus on getting people to the vote is on a local authority," said Mr Marshall, holding up a series of government information posters which might have

## Lisa Wood uncovers some ballot box basics

were stretched to breaking point. "We even had an inquiry from somebody on holiday in Hong Kong," he said.

The recent electoral law entitling people to vote on holiday provoked intense interest in Southwark. "We have had a 100 per cent increase in people applying for a proxy vote," said Mr Marshall.

While he praised the Government's initiative in widely advertising the holiday vote he criticised the Home Office for not informing electoral registration officers before doing it.

"We would have drafted in extra staff," said Mr Marshall. "As it is we have had to pull in 14 other people from other departments to cope with these 4,000 applications."

More generally he criticised the lack of any real dialogue between electoral registration officers and the Home Office.

been designed in the last century.

Government, suggested Mr Marshall, should do more public information broadcasting on the subject—rather like the now defunct Greater London Council did on radio before its election campaigns.

It is a theme which was taken up in a recent report by the Constitutional Reform Centre which suggested funding of a national television campaign to inform people about voting.

The report, based on research sponsored by the Home Office maintained there were likely to be well over 5m inaccuracies around 7 per cent of electors—in the electoral register for England and Wales at the time of the next general election.

The main defect in existing registration procedures, according to the report, was the poor quality of the arrangements made by elec-

toral registration officers for canvassing household information.

Under statute each autumn electoral registration officers have to make house-to-house inquiries, or "other sufficient inquiries" as to people entitled to vote. A form "A" has to be filled out. It is up to individual registration officers how they make the inquiries.

In Southwark some 172,166 people are entitled to vote. Mr Marshall admitted there was a margin of error—but probably less than suggested in the report for the national average.

Southwark, like many local authorities, has delivered the "A" forms and then does a follow-up note for those houses which have failed to make a return.

However, last year it initiated what it calls the "enhancement" programme—with canvassers physically knocking on doors in wards with poor responses.

"This borough is very keen to get people on to the electoral register," said Mr Marshall. "But we physically do not have the resources and manpower to extend the programme."

"Many people simply do not understand how to fill in a form—we have made representations to the Home Office to make it simpler."

However, according to Mr Marshall, a lot of effort does go on behind the scenes to try and make democracy work.

Dr Is Lohse, said that there were considerable implications its charge should be collected if the Conservatives won the election. He believed more people would opt out and the problem would not be easily manageable.

Drawing up the register was difficult in inner cities anyway, with only 18 per cent of registration forms returned in Leeds for the 1985 register and 27 per cent for this year. Electoral registration officers, who have a legal obligation to compile the most comprehensive list possible, had to go round from door to door, sometimes encountering great hostility.

## Inner city voters 'hostile to registration'

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

MORE THAN 17 per cent of eligible adults may be missing from the electoral register in many of Britain's inner cities, according to a survey published yesterday by Bradford University.

The survey was carried out in Leeds, Bradford, Preston, Huddersfield and Liverpool and sponsored by the Commission for Racial Equality. All five inner cities have racially mixed populations and the sample was balanced between blacks, whites and Asians.

It revealed that blacks had the smallest numbers unregistered, with 14.6 per cent

missing from electoral rolls. Whites and Asians were missing in almost equal proportions of 18.1 per cent and 18.2 per cent respectively.

However, two-thirds were unregistered for reasons beyond their control, mainly through moving home or being ineligible by nationality. These figures do not therefore reflect the true picture of those deliberately opting out of the electoral system, where blacks were in the majority.

Dr Michel Le Lohse, senior lecturer in politics, said yesterday that a very small number did not register for religious reasons, such as Jehovah's

Witnesses but there was cause for concern about the rest, who deliberately chose not to register.

Some did not want to be traced because they had money problems or were being sought by estranged spouses, but the rest showed a vehement animosity towards public authorities, the Government and politicians. Blacks comprised the biggest number of unregistered voters in this category.

In one instance the survey interviewer was attacked with a knife. In one inner city area a black researcher was used to minimise hostility.

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# Policy made at the grassroots

THE DEPARTURE of Mrs Thatcher for the Venice summit, accompanied perhaps by a secret sign of relief from Conservative Central Office, just as much as the solemn television broadcast by President Reagan, contributes to an illusion which is shared by the heads of state and those they govern: that the world's economic fate lies in the hands of politicians.

Heads will be shaken and tables banged over the US deficit, the lack of stimulus in Japan and Germany, and the consequent dangers of recession or of instability. Meanwhile, in the outside world, company directors, brokers and investors, consumers and their bank managers will continue to take decisions which determine what actually happens.

They are of course influenced by Government policies, but these are not normally at the front of their minds; and at times these private transactions can make policy in spite of their governments.

Something of the kind may now be taking place in the US. The US government deficit is a result of political decisions, though its level also depends heavily on the rate of growth of the private economy.

## Problems unsolved

The American trade deficit, on the other hand, is the measure of the tendency of the entire US economy to outstrip its income, and the government deficit is only one element in the sum. Reduced spending by consumers and by companies, in an effort to reduce their own burden of private debt, also tends to reduce the national trade deficit.

If home-produced goods are unsold, incomes fall in the manufacturing sector, and companies and consumers find that their problems of debt are unsolved. They may then try to make heavier cuts. If it is demand for imported goods and equipment which falls, then US incomes are maintained, the trade balance improves, but the deflationary effect of lower spending has an impact on America's trade partners.

The weakness of recent US economic numbers illustrates this process. Consumer spending, house building and corporate investment are all flat or worse, and the car market is suffering its sharpest recession for several years. In recent months defence spending and foreign trade have helped to maintain some modest growth in output, but there has been an unplanned rise in inventories which is likely to depress production in due course.

The motive is the burden of debt. US companies are now over-gearing as the result of an enormous substitution of debt for equity. Consumers are simply over-borrowed. Lacking the privilege of governments,

which can print their own money, they are responding to these pressures.

The result for the world economy will be exactly what the US Treasury Secretary, Mr James Baker, has been warning his opposite numbers about for many months. It cannot be taken for granted, though, that this danger will be recognised by America's Summit partners: for one paradoxical result of a deflation which is voluntary rather than imposed is that it will tend to make the US fiscal deficit bigger.

Since most governments are now highly concerned to control their own deficits, and the Japanese and the Germans are positively obsessed with this idea, they may well argue that a rising US fiscal deficit redoubles the needs for prudence on their part. The result would be not co-ordinated policies, but co-ordinated deflation.

There are some ways of squaring this circle. The Japanese have long distinguished between general government spending and some kind of productive investment, which can be financed off-budget. Mrs Thatcher's greatest fiscal innovation, the use of asset sales to replace borrowing, is also attracting admiring imitation. Both devices have helped to finance the proposed Japanese fiscal stimulus without actually inflating government borrowing.

## Exact reverse

The Germans, on the other hand, are now reported to be suffering doubts about their own proposed tax reform, which involves heavy cuts, on the grounds that the disappointing growth of the German economy has depressed revenue. This is simply the logical counterpart of the Nigel Lawson's willingness to cut taxes as a reward for the growth now being achieved.

The targeting of government deficits, in short, tends to reserve stimulus for economies which are already putting up a satisfactory growth performance, and, prescribe fiscal tightening for those which are lagging. This is the exact reverse of the kind of balanced policy co-ordination which the Americans have been seeking, and helps to explain why hopes for economic progress at Venice are so subdued.

It does not seem likely that this depressing prospect will be cleared by sudden re-conversion of the heads of state to the reasoning of the late Lord Keynes. The best that can be hoped for from the politicians is some helpful fudging. However, German and Japanese citizens could yet prove more powerful than their leaders, just like the Americans. If they can develop a keener appetite for spending their enhanced real incomes, balance could yet be restored.



With five days to polling, three FT readers offer personal views

# Tory, Tory hallelujah

VOTING is the ideal combination of thought and action: it has the illusion of activity without the effort. The voter performs a secret rite of communion with friends or neighbours — or like-minded people, and rational explanation is superfluous. Intellectuals tend to despise this solidarity, but it makes as firm a basis of consent as a government could hope for, and Labour and Conservative voters can hardly be blamed for choosing whatever candidate they happen to fancy. In my constituency of West Oxford and Abingdon, many enlightened north Oxford folk will vote viscerally for the Alliance. That, in a nutshell, is why I shall vote Conservative. I like to choose.

Unfortunately, not all the parties feel equally easy with individual choice. The Conservative proposal to let parents escape from local education authority control of their schools, if they so wish, has been made out as somehow immoral. The hidden assumption, too ingrained to be noticed any more, is that somewhere there is somebody else who knows better than you do what your child should be taught. This is the assumption on which socialism has come to rest in the last 30 years: the "producer" has the right to decide what the product shall be like, and the customer can like it or lump it, but never look elsewhere. During the 1960s the Labour Party, once a league of all kinds of individualists from Richard Tawney to Aneurin Bevan, somehow came to be the host body to a corporatist political philosophy descended from Mussolini and artfully carried into practice by Hitler and Stalin in their compulsory trade

unions or syndicates, their Kom-somol and Hitler Youth. The great virtue of organisation by the work-place was the ease with which, by the use of the show of hands and the black vote, the apparatus could control.

In Britain, the collectivist canker was already present in the powerful, undemocratic leading unions. In a moment of panic in 1969 the Labour government (prompted by Jim

Callaghan) surrendered to Hugh

Scammon and Jack Jones. So began Labour's decade of shame. The union bosses' reward came in 1974: the Labour government allowed them to determine policy outside Parliament, in true corporatist fashion through private discussion with leading ministers and larger "commanding heights" of capitalism. The sun was permitted to shine, but small businesses and independent workshops were fair game for militancy. The nadir of shame was reached in 1974: the Labour government of Grunwick, the small firm besieged, proprietor and workers alike, by union militants. It is

now astonishing to recall how the pickets were joined by ministers, including Shirley Williams. Government and party swallowed their consciences and put through legislation to reverse the Tories 1971 attempt to ban the closed shop, surrendering individual workers' livelihoods to the union apparatus.

How could the workers' party do it? To be fair, they were not the only appeasers. Inevitably, Lord Scarman called on the innocent proprietor of Grunwick to make a statesman-like surrender, since his resistance could not legally be challenged. The leading industrialists were perfectly happy with the corporatist system, as their German and Italian counterparts had been in the 1930s. The City was quite accommodating; public institutions had already been acclimatised to the bureaucratic spirit. Even the University of Oxford had been "reformed" in the 1960s: its Convocation, the ancient democratic

assembly of its Masters of Arts, had been virtually swept away to allow the "producers" (nominally the dons, in effect a much smaller body) unchallenged control. For the professional classes, corporatism was really quite comfortable. It is, in fact, a system of graduated privilege, cognate to, though less exquisitely elaborated than that prevailing in the Soviet Union. It was permeated by the inimitable snobbery of the Left: I had first encountered this as an ideological undercurrent in the CND banner in 1959, naïvely surprised at the aloofness of the Old High Left of Michael Foot and his charmed



circle of "leaders." Now by the snobbery of Marxism the trivial protests of the individual worker were ignored, as "irrelevant" by the militants. They had, after all, made their own crucial breakthrough: ministers had compromised with violence, and in due course the militants turned on them too. The "winter of discontent" history, perhaps. Certainly the militants of 1987 prefer memories to be short and selective. In my own experience, however, the events of 1974-79 afforded a sustained revelation of the real Left only comparable with the sight of

Soviet tanks in the streets of Prague (another episode best forgotten by fellow-travellers). It also brought into focus the politicians who permitted the closed shop and its attendant injustices, many of whom are now once again offering themselves to the electorate, and not only in the Labour interest: they include Shirley Williams and David Owen, perhaps also David Steel who sustained them in office for two further years. How can we trust any of them not to make the same surrender again?

Mrs Thatcher's most important achievement is to have restored and extended the

liberties of the individual worker abandoned by Labour, and in spite of one-liners as vicious as anything seen in the 1970s. Her moral and indeed physical courage, the quality most necessary in government, stands in stark contrast to the calculated fudge of her opponents. It is clear enough that the corporatist state is not dead, but sleeping, a monster which has only been subdued by her sustained attack on all kinds of privileged and irresponsible bodies. I am not sure whether I shall always vote for the Conservative Party, but certainly I shall always vote for her.

# Folly to the left and right

AN important reason for voting for the Alliance is that it is not committed to extremist measures, and in the event of a hung parliament can restrain the majority party from ideological excesses, a danger that now exists both on the left and the right. A secondary reason relates to the Hillhead constituency: it is clearly desirable that a person of the quality of Roy Jenkins should remain at Westminster, and he has been a good constituency MP.

I had for long been a Labour voter, but like so many others have become alarmed by the inroads of the extreme left. Of course Kinnock, Healey, Hattersley, John Smith, are men of common sense, whose economic and social policies are by no means as unsound as the right-wing press makes out. Even their stand on defence is (in part) defensible. One is reminded of Vicky's old cartoon: the British Defence Secretary faces the Russian bear, holds a pistol to his own head and cries: "Halt or I fire." In answering Kinnock the Conservatives have had recourse to cold-war clichés and

exaggerated both the Soviet menace and the value of Britain's nuclear weapons.

However, Labour's defence policy seems to be more a compromise to the party's left-wingers than a seriously thought-out negotiating position. The "loony left" may have made only limited inroads, but there is a real danger that men such as Ken Livingstone will come to exercise major influence within the parliamentary party: one recalls with dismay what he and his like did with the former Labour leadership in the GLC.

True, one can now expect some moderating influence from the trade unions, but their views on wages policy and productivity have changed little. John Smith talks sense about the need for industrial regeneration, Hattersley on financial balance, but would they be given a chance to put a coherent policy into practice?

The problem with the Conservatives is that while they talk endlessly about the need for an enterprise society, so many of their policies in fact discourage enterprise — except in the City and I share with Andrew Phillips (Observer) "fears that the City may now be feeding off and destabilising our declining industrial base."

Obviously high incomes are being made by financial manipulators and takeover experts, as well by those who handle privatisation issues. I am unhappy with the yuppie philosophy of "short-term profit over all else," the deliberate downgrading of the concept of public service

and of the public interest by extremist "free enterprise" ideologists who, alas, have the Prime Minister's ear.

Productive investment is down, industrial output (minus oil) is not above 1979 levels, unemployment is much too high, and ministers complacently claim success, and (unlike most of our competitors) seem to glory in the lack of any industrial (or energy) policy.

Twenty years ago nobody would have believed that ALEC NOVE, 71, is Emeritus Professor of Economics at Glasgow University. Born in Leningrad, he came to Britain with his parents 83 years ago. Prof Nove was a staunch Labour voter until the last general election, when, equally annoyed with the excesses of both Labour and the Conservatives — he switched allegiances and cast a somewhat reluctant vote for the Alliance.

Britain would become a net importer of manufactures! What will happen when oil revenue declines? Many "British" ships (if not transferred to flag of convenience) are being sold in West Germany, an increasing proportion of cars, buses, and lorries, come from countries where wages are much higher than here, so it is hard to blame the decline of these and other long-established British industries. The Government does not even think it worth inquiring into the reasons, being more

concerned to close down loss-making capacity as a prelude to still more privatisation. Looser fare, let industry sink. The market can do no wrong. To think ahead is "planning" — a dirty word.

What sort of "enterprise society" is it when millions have learnt that the way to make money is to buy deliberately underpriced shares in privatised corporations, or council houses, which can then be resold at a thumping profit without any effort at all? Bribing the electorate is the name of the game.

What economist can see without wincing the financing of such a part of the proceeds of sales of capital assets? Or the turning of public monopolies into private monopolies? Or the excesses of privatisation and fragmentation, as seen in the deliberate disintegration of urban public transport? Will Mr Ridley and his ideological advisers show just one city in all North America and Western Europe where such foolishness is even contemplated?

Infrastructure investment is highly beneficial to the private sector, which receives contracts and uses the facilities; this was well known to Adam Smith (but not to the "Adam Smith society").

The Government's ideologists (though not of the proceeds of sales of capital assets) also oppose the National Health Service, preferring the exceptionally costly American system, under which, as even Reagan himself has stated, the choice can be



"between death and bankruptcy."

The demoralisation of education, the brain-drain, endless cuts imposed on universities and on research, the threat to the BBC and the arts, all this is due to a mixture of philistine myopia and gross misapplication of profit-and-loss accounting, plus the prejudice against anything public. Britain does indeed need an "enterprise society," scientific advance, higher productivity. Is this the way to get it? So, back to the Alliance. Its

chief claim to our vote is that it is not moved by extremist ideologies, and so will help to preserve what is good about this country from Tory yuppies, who in their greedy pursuit of short-term profit are certainly in no position to criticise the equally greedy and myopic depredations of the closed shop in London newspaper printing. While the Alliance will not form a government, they may be in a position to prevent others from foolish measures, and this has become vitally important today.

# 'I feel a great sadness'

student loans. At that time, it seemed that universities might merge, removing one inequality in education, and that comprehensive schools would come, ending another.

Instead, I see universities starved of cash and research students. A physicist friend working at Imperial College, London, on high temperature

DIANNE HAYTER, 38, is the Director of Alcohol Concern, although she writes in her personal capacity. She spent four years as a trade unionist immediately after leaving Durham University, then became general secretary of the Fabian Society. Elected to Labour's National Constitutional Committee earlier this year with the backing of the centre-right unions, Ms Hayter has voted Labour since her first general election in 1970.

superconductors (one of the major scientific breakthroughs of the decade and with near-immediate technical application) has neither the research nor technical staff to keep up with American and Japanese scientists. He sees his best students move to the US, not for the equipment and resources to do the science that excites them. Instead of comprehensive reaching maturity and working towards new ways of allowing children an educa-

tion they will enjoy for the rest of their lives, we have the threat of individual schools (or boroughs) "opting out" of the state system. This will not just undermine the comprehensive principle. It will deprive state schools of the most concerned advantaged parents' energy.

The return of two classes of education — the privileged and the rest — fills me with foreboding. What sort of united country will this create? When I worked in Brussels and in Paris, I was constantly reminded by European businessmen of the class-divided nature of British industry (which so closely reflects our education divide) and which made better industrial relations ever harder to achieve.

On many of these issues, the SDP appears no better than the Tories. It is willing to continue the subsidy of public schools by the taxpayer (via their charitable status) and has no plans to reduce the NHS's assistance (via staff and training) to the private health sector. There is also no hint of any recognition of the vital role of unions in our democracy. For those who, in classical Marxist lingo, "have only their labour to sell" unions are not an optional extra, a "de-luxe" form of democracy, they are their only support against the vagaries



of employment. Without collective bargaining, working people would have substantially fewer rights and benefits than they now enjoy.

For me, the Labour Party represents the only party that will work for the less advantaged. A well-paid City friend confided to me last week that what he resented most about Mrs Thatcher was that she had done so much to help people like him. He even well look after himself and didn't need her tax cuts.

In the Cabinet Room at No 10, I want to see a group of men — and women, please Mr Kinnock — who want to restore dignity to all our people, to give everyone the chance of a job, to give equal health care to all who need it, and an equal chance for education for everyone. I think Messrs Kinnock, Hattersley, Smith, Kaufman — together with Frank Dobson (representing my own constituency, St Pancras) — are such people.

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# Prophets of doom in the promised land

How much oil remains to be found—a complex issue at the best of times—is particularly unclear for the Paris basin, as the variability of the rock makes the data hard to interpret. Although companies have been drilling for oil in the area since the 1930s, discoveries on the scale of Villeperdue and Charnoy, each of which could contain as much as 100m barrels of oil, have only been made recently as a result of much improved seismic techniques.

**In recent months, much lip-service has been paid by Israeli officials to improving "the quality of life" of the Palestinians. In this, the fostering of prosperity is said to be an essential ingredient. to counter political radicalisation and encourage the growth of an alternative, more moderate leadership.**

Company	Share Price	Dividend	Yield	Market Cap	Notes
Abbey National (01-486 5555)	8.50	0.50	5.88%	£1,000	Interest and other detail
Accountancy	8.50	0.50	5.88%	£1,000	Interest and other detail
Ad to Thrift (01-638 0531)	8.50	0.50	5.88%	£1,000	Interest and other detail
Alliance and Leicester	8.50	0.50	5.88%	£1,000	Interest and other detail
Amplior	8.50	0.50	5.88%	£1,000	Interest and other detail
Barclay (0226 299601)	8.50	0.50	5.88%	£1,000	Interest and other detail
Barclay's Midlands	8.50	0.50	5.88%	£1,000	Interest and other detail
Barclay and Bingley (0274 561545)	8.50	0.50	5.88%	£1,000	Interest and other detail
Bristol and West (0272 294271)	8.50	0.50	5.88%	£1,000	Interest and other detail
Britannia (0538 385131)	8.50	0.50	5.88%	£1,000	Interest and other detail
Cardiff (0222 67328)	8.50	0.50	5.88%	£1,000	Interest and other detail
Catholic (01-222 67347)	8.50	0.50	5.88%	£1,000	Interest and other detail
City (Edinburgh) (031 556 1711)	8.50	0.50	5.88%	£1,000	Interest and other detail
Chelsea	8.50	0.50	5.88%	£1,000	Interest and other detail
Chesham & Chacester (0242 36161)	8.50	0.50	5.88%	£1,000	Interest and other detail
Chesham (0992 26261)	8.50	0.50	5.88%	£1,000	Interest and other detail
City of London, The (02-920 9120)	8.50	0.50	5.88%	£1,000	Interest and other detail
Coventry (0203 52277)	8.50	0.50	5.88%	£1,000	Interest and other detail
First Sealand (0274 64367)	8.50	0.50	5.88%	£1,000	Interest and other detail
Gateway (0974 68555)	8.50	0.50	5.88%	£1,000	Interest and other detail
Greenwich (01-485 0811)	8.50	0.50	5.88%	£1,000	Interest and other detail
Guarant (01-242 0812)	8.50	0.50	5.88%	£1,000	Interest and other detail
Halifax	8.50	0.50	5.88%	£1,000	Interest and other detail
Hendon (01-202 6394)	8.50	0.50	5.88%	£1,000	Interest and other detail
Lambeth (01-926 1333)	8.50	0.50	5.88%	£1,000	Interest and other detail
Lancaster (01-643 1021)	8.50	0.50	5.88%	£1,000	Interest and other detail
Lancashire Star (0926 27920)	8.50	0.50	5.88%	£1,000	Interest and other detail
Leeds and Holford (0532 459511)	8.50	0.50	5.88%	£1,000	Interest and other detail
Leeds Permanent	8.50	0.50	5.88%	£1,000	Interest and other detail
London Permanent (01-222 3581)	8.50	0.50	5.88%	£1,000	Interest and other detail
Morston (0282 4582)	8.50	0.50	5.88%	£1,000	Interest and other detail
Murphy (01-485 5571)	8.50	0.50	5.88%	£1,000	Interest and other detail
National Counties (03727 42211)	8.50	0.50	5.88%	£1,000	Interest and other detail
National and Provincial	8.50	0.50	5.88%	£1,000	Interest and other detail
Natwest (01-242 0822)	8.50	0.50	5.88%	£1,000	Interest and other detail
Newcastle (091 232 6676)	8.50	0.50	5.88%	£1,000	Interest and other detail
Northern Rock (091 285 7191)	8.50	0.50	5.88%	£1,000	Interest and other detail
Norwich & Peterborough (0729 51491)	8.50	0.50	5.88%	£1,000	Interest and other detail
Nottingham (0502 419393)	8.50	0.50	5.88%	£1,000	Interest and other detail
Pecham (Freephone Pecham)	8.50	0.50	5.88%	£1,000	Interest and other detail
Portman (0202 292444)	8.50	0.50	5.88%	£1,000	Interest and other detail
Portsmouth (0705 67193)	8.50	0.50	5.88%	£1,000	Interest and other detail
Regency (0273 724555)	8.50	0.50	5.88%	£1,000	Interest and other detail
Scarborough (0273 368155)	8.50	0.50	5.88%	£1,000	Interest and other detail
Stroud and Swindon	8.50	0.50	5.88%	£1,000	Interest and other detail
Texas County (0273 471671)	8.50	0.50	5.88%	£1,000	Interest and other detail
Trent and Country (01-353 1476)	8.50	0.50	5.88%	£1,000	Interest and other detail
Wessex (0202 761771)	8.50	0.50	5.88%	£1,000	Interest and other detail
Woolwich	8.50	0.50	5.88%	£1,000	Interest and other detail
Yorkshire (0274 734822)	8.50	0.50	5.88%	£1,000	Interest and other detail

\* For telephone see local directory. CAR = Annual yield after interest compounded

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## UK COMPANY NEWS

## Stone agrees to £37m takeover bid by FKI

BY MIKE SMITH

Stone International, trout-fish systems engineering company which was once part of the failed Stone-Platt Industries, yesterday agreed to its £36.6m takeover.

FKI Electricals, fast-growing electrical engineering and electronic components group, is buying the company in a deal which values each of its shares at 106p, against 110p on Wednesday, when the shares were suspended.

The takeover comes less than a month after Stone warned that pre-tax profits for the year ended May 31 would be near break-even, against £6.09m in 1985-86, that one of the group's most profitable subsidiaries was to be sold so that gearing approaching 100 per cent could be reduced; and that the dividend would be reduced.

Yesterday it emerged that conditions had remained difficult and the preliminary results

for 1986-87 were likely to show a loss.

Stone's problems of the last 12 months present a sharp contrast to the heady growth it experienced in its first three years as an independent company. The company was floated in a flood of favourable publicity in February 1984, less than two years after the collapse of Stone-Platt, and shares, offered at 125p, were oversubscribed 19 times.

FKI came to the stock market in 1982 and since then a series of acquisitions has helped propel pre-tax profits in 1986-87 to £11.3m on sales of £93.6m. Mr Tony Gardland, chairman, said yesterday that many of the two companies' products were complementary in areas such as signals, motors, power generation and control equipment. FKI's financial strength and management skills would help Stone's reorganisation.

Mr Robin Tavener, Stone

chief executive, was not available for comment yesterday.

Last month, however, he admitted that much of the group's problems were due to poor management controls.

Under yesterday's deal Mr Tavener and fellow executive directors Mr John Oratts and Mr Pat Fordham will remain on the Stone board. Mr Tavener will also become responsible for international marketing in the enlarged group.

The directors of Stone, holding 8.74 per cent of the equity, have agreed to accept the offer, as have holders of another 21.7 per cent of the shares. Holders of every three Stone ordinary will receive two FKI ordinary. Stone shares closed at 159p, up 4.5p.

Full acceptance of the offer would involve the issue of 22.1m new FKI shares, representing 14.1 per cent of the enlarged equity.

## Valor seeks £265m to fund US purchases

By Clay Harris

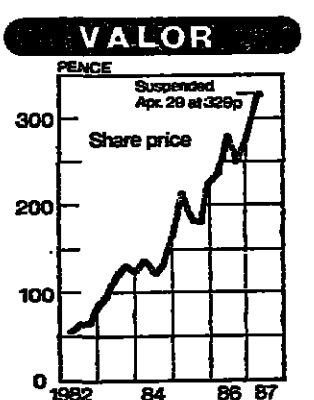
**SHAREHOLDERS** in Valor, the gas and electrical appliance group, were yesterday offered £265m in new shares at 330p each, a price equal to the highest the stock has ever traded.

The £265m net proceeds of the issue will provide the lion's share of funding for Valor's \$450m (£285m) acquisition of Yale Securities, the US locks group, and NuTone, the US household appliance maker, announced on Monday.

The issue price implies a market capitalisation of \$360m, nearly four times the value of Valor when its shares were suspended at 325p on April 29. They hit their all-time high of 330p on April 9.

Shareholders will be offered 2.861 shares for every one now held, against the three-to-one ratio that has been generally forecast. This will reduce the initial dilution of existing shareholders' earnings.

Valor yesterday forecast total 1987-88 dividends of 7.3p, a yield of 3 per cent at the issue price. Since NuTone and Yale will comprise 70 per cent of the combined group, the



shares were priced virtually as a new issue, Mr Richard Heley of BZW said yesterday. Using a p/e of 14 as a benchmark, the underwriters assumed that Valor shares would have risen in line with the market to about 350p, before taking into account a 7 per cent discount and the fact that the old Valor shares will resume trading ex-dividend 1986-87 final of 4.24p on June 30.

Under the open offer, shareholders will be able to apply for any amount of shares. Applications for up to 2.861 shares will be allocated in full, with any oversubscription to be scaled down. The offer closes on June 26.

The £15m in expenses reflects in part the one-week exposure between the time BZW and Hoare Govett agreed in principle to underwrite the issue and yesterday's announcement of terms and arrangement of sub-underwriting. The open offer is estimated to have saved Valor £2m-£3m in underwriting and bridging costs compared with a conventional rights issue.

Valor is raising an additional £21.5m through the issue of convertible preference shares to the First City Diversified, US industrial holding group controlled by the Belzberg family of Canada. These can be converted into 5.7m ordinary shares from the autumn of 1988.

First City will also receive a warrant to subscribe for 2m Valor shares at 330p between two and seven years from the date of completion. First City cannot buy any more shares without the approval of Valor's board to sell the warrant without first offering it to Valor.

In the absence of any further share issues, the conversion and exercise of warrant would give First City a 6.5 per cent stake.

See Lex

## Tony Jackson on the near \$2bn deal for Stauffer Chemical

## ICI plays double or quits

ICI's near-\$2bn purchase of Stauffer Chemical in the US, widely expected for some time now, is a bold move. Stauffer's agrochemical business—the bit ICI wants—has more than half of its sales in the US; and the world is in crisis, the crisis is at its most acute in the US. Ever since 1983, when the Government started to cut crop output through its payment-in-kind programme, the agricultural chemicals industry in the US has been under pressure. More recently, as farming incomes have collapsed and bankruptcies have spread, the pressure has become acute.

Not surprisingly, this has led to concentration in the industry. Late last year there were two major deals in the US—the sale by Shell of its US agrochemical business to Du Pont for an undisclosed sum, and the \$875m purchase by the French group Rhone-Poulenc of the agrochemical business of Union Carbide.

As ICI candidly admits, this put the group under pressure to follow suit. Alan Hayes, head of ICI's agrochemical division, told the press yesterday "our relative position has been weakened by the shake-out in the industry, especially in the US. We had to accept that these deals made it necessary for us to take steps of our own."

The condition of the market added to the pressure. "We've been trying to grow organically, but the market has come off the

boil, so the speed at which we could grow without acquisition was slower," Mr Hayes said.

In other words, ICI had to play double or quits. It has at present only 19 per cent of its worldwide agrochemical sales in the US, though the US is around 30 per cent of the world market (a little lower last year, according to a leading authority, Alan Woodburn of Wood, Mackenzie).

Adding Stauffer will push the figure up to over 30 per cent—almost exactly in line with the world market.

It will also raise ICI from sixth in the world agrochemical rankings to a claimed third after Bayer of West Germany and Ciba-Geigy of Switzerland (by Wood, Mackenzie's reckoning it could be a tie between ICI and Rhone-Poulenc). Combined sales this year, Mr Hayes said, could be \$1.7bn: "we're in the big league now."

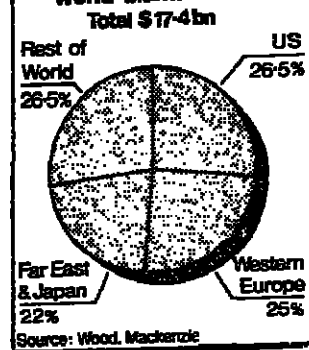
And this is an industry in which size matters. In agrochemicals, innovation is crucial. Evolution means that pesticides create resistance in the pests they attack, and environmentalism means that older agrochemicals are banned as standards are raised.

This means, says one rival executive, that "although the industry is much more mature than it has been, it will still be a dynamic scene. But it will take a lot of R & D, and less players will be willing to compete it. It now takes say

## AGROCHEMICALS

## World Market 1985

Total \$7.4bn



(Source: Wood, Mackenzie)

\$30m to bring an agrochemical to market, and from discovery to launch will be in the five to seven-year range. It will be much harder than in the early days for the small man to have an R & D show on the road and strike lucky."

But that same pressure is the key to ICI's decision to weather the storm of the next few years in world agrochemicals. Agrochemicals remain a highly specialised business, with the emphasis on invention and high added value. It is therefore the prime example of what the company calls "effect" chemicals, as opposed to the bulk plastics or inorganics whose profits collapse in the early 1980s left a permanent scar on the group's psychology.

Viewed in that light, there is a lot to be said for Stauffer.

It takes ICI into the two major crops of corn and rice, when it was previously under-represented, and it provides the group with a range of products, both on the market and in development, which seem to be remarkably complementary. "We've never seen an agrochemical possibility," Alan Hayes said yesterday, "which gives us such a good fit with our business."

There remains the problem of what ICI will raise for the bits of Stauffer—the base and specialty chemicals—which it does not want. These accounted for almost 70 per cent of Stauffer's \$1.3bn sales last year, and a little over half of the pre-tax profit of \$113m.

As Alan Woodburn of Wood, Mackenzie puts it, "there are two specific question marks over this deal—the outlook for the US farm economy, and how much they can get for the rest."

So all that remains is the price ICI will end up paying for this long-term investment. It seems unlikely to recoup more than half of the price paid for the whole lot, and could well be lost. If the long-term strategy comes off, that will not look expensive. See Lex.

## Britoil's £54m US disposal

BY LUCY KELLAWAY

Britoil, the biggest UK independent oil company, announced yesterday that it had found a buyer for its US oil interests, which have been up for sale since November. It has agreed to sell the assets, which consist of 3.6m barrels of oil and 90m cubic feet of gas, for \$88m (£54m) in cash to American Exploration, a US independent.

Britoil said yesterday that it would use the money to finance an active search for oil overseas in areas outside the US. The

countries in which it is now exploring or seeking to explore are Egypt, Ecuador, India and Angola.

The purchase price compares to \$157m which Britoil spent on its unsuccessful US diversification over the past four years. Its latest accounts contained a \$50m provision to cover the loss, which the company said yesterday was less than expected so that £4m of the provision would be written back into this year's results. Britoil decided to withdraw

from the US market because it felt it could not compete on an equal footing with domestic oil companies. Despite the company's difficulties over the past year, which have involved making about 1,000 redundancies and cutting the dividend, it said that it was not making a distress sale.

In 1986 US production was about 2,200 barrels of oil a day, and 21m cubic feet of gas. The oil and gas reserves accounted for about 1 and 10 per cent respectively of Britoil's total.

## US sale fetches Canning £10.6m

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

W. Canning, the West Midlands-based chemicals, metals and electronics group, is reducing its equity stake in Medserv, its US medical services group, to 40 per cent in a private placing that will yield \$17.25m (£10.6m).

The balance of the shares will be held by Medserv management and by US-based institutional investors.

Mr David Probert, chairman of Canning, said the move would have a dramatic impact upon the balance sheet, both reducing gearing and providing cash for expansion of other areas of the group business.

For Medserv, constraints upon its growth would be removed as it could raise funds in the US to pursue expansion. Medserv announced yesterday the proposed \$70m purchase of a US medical services company that would push its annual turnover to around \$200m.

Mr Probert said the reduction of the Canning shareholding to 40 per cent would reduce Medserv's contribution to group profits in the current year but this would be more than compensated for by projected US profit growth. Canning in Medserv would not fall below 20 per cent, Mr Probert said.

this small dilution."

Under the restructuring Canning will get \$15m in cash upon completion and \$1.75m from the assumption by Medserv of liabilities of its immediate holding company.

A further \$600,000 is payable by the new investors for an option to acquire further shares held by Canning. The option will be exercisable in future years based upon the value of Medserv at the time, but such a valuation would not be less than \$40m.

Canning's interest in Medserv would not fall below 20 per cent, Mr Probert said.

## Sound Diffusion again delays final figures

By Philip Coggan

**SOUND DIFFUSION**, the electrical equipment leasing group, has postponed the announcement of its preliminary figures—the second year running that the company has done so.

In a letter to shareholders, Mr Paul Stonor, the chairman, said that "a late detection of anomalies in the complex computer programmes set up last year to evaluate our finance leases has necessitated corrections and a complete re-run of evaluations already carried out."

Last year, Sound Diffusion's figures were delayed because of difficulties in adjusting the results to reflect SSAP 21. In the previous year profits of \$7.44m fell well below the \$12m estimates made by the company's brokers.

Mr Stonor added in a footnote to his letter: "I am acutely aware of the problems we also experienced last year and again must ask for your forgiveness."

But the shares closed down 10p at 65p despite a statement from the company's brokers, Sheppard & Associates, that the problem was unlikely to prevent Sound Diffusion meeting its profits forecast of £10m.

**EPICURE HOLDINGS:** Chairman said profits for first four months of the year were likely to be up some 50 per cent in the region of £300,000.

## Trafalgar battle continues

BY PHILIP COGGAN

**TRAFALGAR HOUSE**, the shipping, construction and property group, yesterday made clear that it would continue its struggle to gain control of the property portfolio owned by Pension Fund Property Unit Trust.

It said that it would be writing directly to unit holders of the Trust despite the rejection of its £187.7m bid by the Trust's committee of management, which had been advised by Schroders.

The burden of the Trafalgar House complaint is that the offer had been rejected "without discussion" and that the investors in the Trust had not been given the opportunity to

consider it. Trafalgar House noted that some investors in the Trust were in any case seeking to redeem their units. At the moment there are over 400, but once all the redemption demands have been satisfied the number of unit holders will fall to about 350.

The Trust management argued that the Trafalgar House bid was too low. In a letter to the unit holders published on Thursday, it said the offer had been based on a March valuation of the properties that came to £187.7m. But a subsequent valuation in May raised the value of the properties to £204.5m.

## Abelscot in £4m acquisition

**ABELSCOT GROUP**, London-based graphic materials and component supplier and one of the first entrants to the Third Market in January, is paying £4m for DRG's Royal Sovereign graphics business.

The business forms part of DRG's Royal Sovereign division, making studio and general artists' materials under the name "Magic Marker."

Consideration and additional working capital for future expansion is being financed through a placing of 1,297,865 new ordinary shares at 420p each, with a clawback (in priority to the places) of nine new shares for every 20 held.

These shares are being made available to existing share-

holders and warrant holders under the terms of an open offer and have been placed by Alexander Laing and Cruickshank.

The acquisition and open offer are both subject to shareholder approval at an Extraordinary General Meeting on June 25.

**CROWN TELEVISION PRODUCTIONS:** Chairman said some short-term problems had emerged and these were being investigated as a matter of urgency. A loss for the first six months to March 1987 was likely. Deloitte were carrying out an interim audit and were helping the company with the installation of a new manage-

realised financial profit.

The company reported that since the end of March, gaming business had been a good deal better than last year and the gross gaming win was currently in excess of the industry norm of 20 to 21 per cent.

In Australia business was running at expected high level of activity and the outlook for the year was anticipated to show a substantial improvement.

The agreement with the Northern Territory government to underwrite certain costs in Australia not recovered out of future profits, remains in force.

The investment in Australia was currently 100 per cent of the operating company, Diamond Leisure, and 29 per cent of Property Trust, which owns the freehold of the property. Negotiations continue with a view to restructuring the company's investment in Australia on acceptable terms.

## Wehmiller shares at premium

BY ALICE RAWSTHORN

**Barry Wehmiller**, International, the packaging equipment manufacturer, watched its share price rise to an immediate premium yesterday when deals began on the stock market. The shares opened at 170p, compared with the offer price of 135p. During the day profit-taking drove the price down. It rallied back to 169p, but faltered again to end the day

at 167p, 32p above the offer price.

Wehmiller went public two weeks ago in a heavily oversubscribed offer to raise which attracted applications for 15.5 times the number of shares available. The company, which released 15.5m shares, or 70 per cent of its equity, in the flotation, is now capitalised at \$37.5m, almost 24 per cent

higher than the proposed value of \$30.8m.

Undoubtedly the Wehmiller flotation benefited from the recent buoyancy of the new issues market. In the last month or so Rolls-Royce, Stock Ship and Pickwick have all staged heavily oversubscribed flotations and reached healthy premiums on the first day of dealings.

The next new issue in the pipeline is that of Tie Rack, the specialist retailing group. The application list for Tie Rack's shares opens on Tuesday morning and dealings should begin on the following Tuesday.

Tie Rack will go public on an historic p/e ratio of 31.5, one of the highest the London stock market has ever seen. Yet Samuel Montagu, the merchant bank handling the flotation, says that its telephone lines have been jammed with calls from would-be investors ever since rich rumours of the flotation were first mooted.

## Riley Leisure may end talks with Charlwood

BY CLAY HARRIS AND DAVID WALLER

**Riley Leisure**, the snooker group, is set to break off talks with Charlwood Leisure, its private company which had hoped to woo it away from an agreed £16.4m bid by Midsummer Leisure, the pub, disco and shopping group.

Charlwood, operator of 24 London-area snooker clubs, had proposed that Riley take it over through the issue of between 18m and 26m new shares. Riley rejected the initial terms on Monday.

Midsummer had already raised its effective interest to 21 per cent by securing acceptances from the holders of

Riley's convertible preference shares. "We're confident of getting control by the first closing date (June 21), if not before," said Mr Adam Page, Midsummer chairman.

Equity Capital for Industry and Equity Capital Trustees agreed to exchange their holdings for 418,000 new shares in Midsummer. The preference shares can be converted into 1.2m ordinary Riley shares on June 30. With Midsummer shares at 167p at 4.5p yesterday, the share offer values Riley at 98p, against 94p, down 1p, in the market. There is a cash alternative of \$2.5p.

## Further growth for Arlen

BY NIGEL CLARK

**Arlen**, the expanding electrical and electronic manufacturer, has announced its third acquisition in the past year. It is also forecasting pre-tax profits for the year to the end of March 1987 of not less than £1.4m, compared with £151,000 last time.

The shares rose 12p to close at 154p.

It is buying Centrepiece Engineering and Centrepiece Distributors for a maximum of £1.5m to be satisfied by the issue of 788,000 shares. In addition it is issuing 1.08m shares to raise £1.4m to cover the costs of the acquisition and raise additional capital for further purchases.

Of the issues 1.79m shares have been conditionally placed with institutions at 130p and are being made available to shareholders by way of an open offer on the basis of one-for-five.

The Centrepiece companies are based in Birmingham and make and distribute metal fasteners. The purchase follows the acquisition of Columbia Engineering, Columbia Tool & Engin-

ering and Columbia Precision Products, which make components for electrical and electronic appliances, in June last year and Scandinavian Decor, maker of decorative light fittings, in December.

Mr Leslie Hancock, chairman and chief executive, said that group progress continued to be encouraging. The traditional electrical business had increased profits considerably and the recently-acquired companies were performing well.

The board intends to pay a final dividend of 1.5p making a total for the year of 2p, compared with last year's single final payment of 0.5p.

**North Sea Assets**

North Sea Assets, investment holding company, reported a loss of £211,000 for the 12 months to March 31 1987 against a £596,000 profit last time.

There was no tax (£96,000) leaving a net loss of 50p share at 1.76p (4.10p earnings) of £1.04m to £52,000.

## Beazer cuts US offer to £28m

BY ALEXANDER NICOLL

**C. H. Beazer**, construction group, has launched a £28m US share offering, substantially scaled down from the \$30m issue it originally envisaged and below the size authorised by shareholders last month.

Beazer is offering 3m American Depository Shares, each representing four ordinary shares. They were priced in New York by Shearson Lehman Brothers at \$18½ each, equivalent to Thursday's London close of 237p per ordinary

share. The underwriters may also purchase an additional 450,000 ADS, representing 1.8m ordinary shares.

The maximum amount of the offering, equivalent to 13.8m ordinary shares, would be almost 5 per cent of the expanded equity.

The shares were trading in New York yesterday at about the issue price, while in London the share price recovered 2p to 239p after a 10p fall on Thursday.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corresponding payment	Total last year	Total year
British Stadium	1.4	July 14	1.2	1.4	1.2
Delmar	2.15	—	—	2.15	2
GT Global	2.25	July 20	1.75	3	2.25
Heavies Brewery Int	2.4	Aug 5	2	—	11
Lend Lease Holdings	1.3	July 16	0.75	1.3	0.75
Dividends shown per share not except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.					

## LONDON RECENT ISSUES

## EQUITIES

Issue	Price	High	Low	Stock	Price	High	Low	Stock	Price	High	Low
432 F.P.	117	125	115	B.A.A. Hkcs. 30p.	166	—	—	12.5	20	21	18.2
433 F.P.	112	120	110	Barrett (Theory) 10p.	111	—	—	80.21	2.2	2.3	17.6
434 F.P.	306	312	300	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
435 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
436 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
437 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
438 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
439 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
440 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
441 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
442 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
443 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18.3
444 F.P.	117	125	115	British Overseas Airways 10p.	182	—	—	1.2	2.4	2.5	18



## UK DEFENCE POLICY

## A look at the hidden agenda

By Keith Hartley and Nick Hooper

DURING THIS general election, defence rows have focused on the manifest purposes of defence spending, especially Trident and the balance of nuclear and conventional forces. Rarely has attention been given to the implications of the different defence policies for the future of the UK's defence industrial base.

Yet the industrial base and the efficiency with which it provides equipment are major "inputs" into the protection of the UK. We need to know which defence industries and regions are likely to gain and which will lose under Conservative, Labour and Alliance policies.

Governments rarely offer a clear statement of the meaning of the defence industrial base. References are made to the UK's need of a "strong indigenous defence industrial base, as was illustrated vividly during the Falklands crisis". However, as became clear during the 1986 debate on the Westland helicopter company, the essential key industrial assets have never been specified.

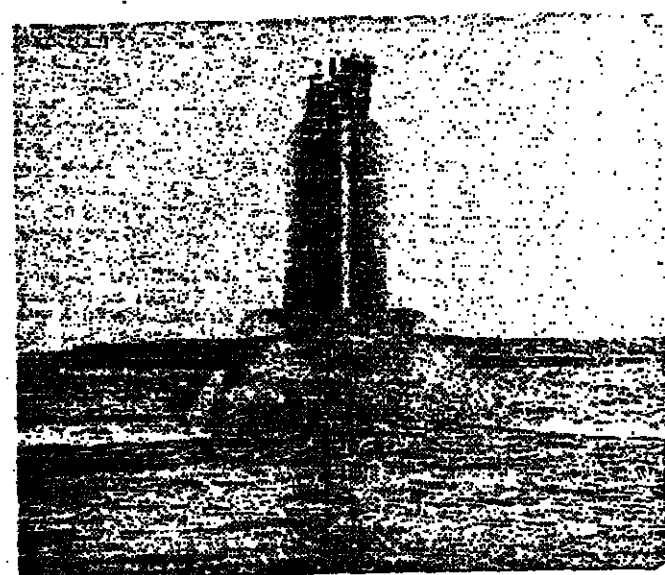
The Westland affair also revealed a further aspect of the debate, namely, the desire to create a European defence industrial base. If there is a lack of clarity about the UK defence industrial base, the potential confusion is even greater at the European level where nationalism is likely to dominate policy decisions.

The major political parties seem agreed on a general commitment to supporting a UK defence industrial base. However, all are guilty of fudging by failing to consider the two central issues:

(1) What is meant by the defence industrial base and what are its minimum essential components?

(2) Why is it needed?

In other words, what are the benefits and costs of maintaining the current defence industrial base and one which is, say, 20 per cent smaller?



trial base and one which is, say, 20 per cent smaller?

Emphasis is often placed on the military, strategic and wider economic benefits in the form of jobs, technology and exports. There are, though, alternative and often better ways of achieving these national economic benefits. Also, if buying British involves more expensive equipment and delays in delivery (eg. Nimrod AEW), the UK with fewer new weapons and obsolescent equipment.

The Trident decision has major direct and indirect implications for the future of the UK's defence industries. The choices involve different winners and losers. Clearly, cancellation of Trident would have a major impact on those employed on the programme, particularly Vickers Shipbuilding at Barrow-in-Furness.

Alternative employment in defence would be provided if the Trident savings were spent on UK conventional equipment. Indeed, since some 40 per cent

and retain capacity which will be required for post-Trident spending on new conventional equipment.

Intervention does, of course, require clear ideas about which are the "key national assets," why they are required and a willingness to pay for them. Critics of arms spending will presumably welcome a release of manpower and other resources from defence to civil activities.

Interestingly, the Labour Party's policy of cancelling Trident and spending the savings on conventional equipment will achieve opposite result by attracting or retaining manpower in the defence industries.

It is now accepted the increasing pressures on UK defence budgets will require hard choices involving equipment procurement and military commitments. It has not yet been recognised that these same pressures will involve equally difficult choices about the size and composition of the UK's defence industrial base. Throughout this debate, three issues cannot be ignored.

Buying British can involve higher costs and delays in delivery. Imported equipment might be much cheaper and available sooner. Imports mean a smaller UK defence industry and the inevitable protests about losses jobs, technology and exports. But is the purpose of UK defence policy to provide jobs, etc., or to protect UK citizens?

Should the armed forces defend the defence industrial base? If the services require certain domestic industrial capabilities for military purposes, these facilities have to be identified and the forces need to indicate how much they are willing to pay for a domestic source of supply.

The authors are on the staff of the Institute of Social and Economic Research at York University.

## FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday June 5 1987										Highs and Lows Index			
	Index No.	Day's Change %	Est. Market Value (£m)	Gross Div. Yield %	Est. P/E Ratio	Index No.	Day's Change %	Est. Market Value (£m)	Gross Div. Yield %	Est. P/E Ratio	1987	Since Completion	High	Low
1 CAPITAL GOODS (211)	926.41	+0.6	7.37	2.87	17.10	934	+0.2	931.78	2.87	17.10	931.78	3.6/87	50.71	1312/74
2 Building Materials (27)	1295.87	+1.3	7.80	2.79	17.82	948	+0.1	1295.87	2.79	17.82	1295.87	3.6/87	44.27	1121/74
3 Chemicals (13)	1562.93	+0.6	7.72	3.04	17.38	1839	+0.2	1575.77	3.04	17.38	1575.77	3.6/87	71.48	1121/74
4 Electronics (13)	2556.92	+0.5	5.66	3.32	23.74	3162	+0.2	2597.22	3.32	23.74	2597.22	3.6/87	84.71	256/82
5 Electricals (16)	2552.70	+0.4	7.41	2.15	17.54	1230	+0.1	2571.49	2.15	17.54	2571.49	3.6/87	122.01	8/80/85
6 Mechanical Engineering (59)	698.76	+0.5	8.34	3.47	15.30	722	+0.2	698.76	3.47	15.30	698.76	3.6/87	45.43	5/8/75
7 Metals and Metal Forming (7)	508.86	+0.7	7.30	2.90	16.51	536	+0.5	508.86	2.90	16.51	508.86	3.6/87	49.65	6/8/75
8 Motors (15)	348.43	+1.4	8.78	3.06	13.12	336	+0.3	348.43	3.06	13.12	348.43	3.6/87	49.65	6/8/75
9 Other Industrial Materials (21)	1947.52	+0.1	6.43	3.19	18.74	1839	+0.2	1947.52	3.19	18.74	1947.52	3.6/87	77.55	131/81
10 CONSUMER GROUPS (126)	1270.94	+0.5	6.36	2.59	20.83	1230	+0.1	1270.94	2.59	20.83	1270.94	3.6/87	61.41	131/81
11 Breweries and Distillers (22)	1174.39	+0.1	8.80	3.00	15.73	977	+0.1	1174.39	3.00	15.73	1174.39	3.6/87	67.47	131/81
12 Food Manufacturing (25)	991.47	+1.6	7.00	3.03	18.60	1141	+0.5	991.47	3.03	18.60	991.47	3.6/87	59.67	112/74
13 Food Retailing (15)	2378.51	+0.5	5.59	2.42	24.43	2132	+0.2	2378.51	2.42	24.43	2378.51	3.6/87	54.25	112/74
14 Health and Household Goods (10)	2484.91	+0.4	3.99	1.88	29.35	273	+0.2	2484.91	1.88	29.35	2484.91	3.6/87	175.36	285/80
15 Lenses (31)	1328.10	+0.2	2.87	3.22	22.51	3479	+0.2	1328.10	3.22	22.51	1328.10	3.6/87	51.87	301/84
16 Packaging and Paper (15)	1665.88	+1.0	5.87	2.20	22.20	534	+0.1	1665.88	2.20	22.20	1665.88	3.6/87	43.46	6/8/75
17 Publishing and Printing (14)	3792.04	+1.1	6.28	3.18	20.50	3122	+0.5	3792.04	3.18	20.50	3792.04	3.6/87	55.88	6/8/75
18 Stores (37)	1087.17	+0.7	6.54	2.44	20.76	1162	+0.3	1087.17	2.44	20.76	1087.17	3.6/87	52.63	6/8/75
19 Textiles (16)	761.67	+0.4	2.95	1.43	14.43	1846	+0.1	761.67	1.43	14.43	761.67	3.6/87	82.65	112/74
20 OTHER GROUPS (87)	1204.97	+1.0	7.56	3.06	16.54	1230	+0.1	1204.97	3.06	16.54	1204.97	3.6/87	51.87	301/84
21 Agencies (17)	1499.77	+0.3	5.70	2.70	20.34	1230	+0.1	1499.77	2.70	20.34	1499.77	3.6/87	111.16	2/8/75
22 Chemicals (21)	1331.75	+0.3	7.22	3.24	15.97	1871	+0.2	1331.75	3.24	15.97	1331.75	3.6/87	71.28	1/2/74
23 Conglomerates (11)	1331.75	+0.3	7.22	3.24	15.97	1871	+0.2	1331.75	3.24	15.97	1331.75	3.6/87	71.28	1/2/74
24 Shipping and Transport (11)	2222.67	+0.6	7.06	3.60	17.75	3471	+0.2	2222.67	3.60	17.75	2222.67	3.6/87	90.80	296/82
25 Telephone Networks (2)	1444.78	+0.9	8.97	2.99	13.95	1474	+0.1	1444.78	2.99	13.95	1444.78	3.6/87	51.87	301/84
26 Other Financial (63)	1154.42	+0.7	6.86	2.79	18.50	1822	+0.4	1154.42	2.79	18.50	1154.42	3.6/87	99.80	131/74
27 Oil & Gas (17)	2167.64	+0.2	5.04	4.26	25.67	3730	+0.2	2167.64	4.26	25.67	2167.64	3.6/87	87.23	295/82
28 SMO SHARE INDEX (50)	1246.76	+0.6	6.58	3.01	19.32	1237	+0.2	1246.76	3.01	19.32	1246.76	3.6/87	63.49	131/74
29 FINANCIAL GROUPS (118)	792.32	+0.6	5.49	3.49	15.81	1206	+0.1	792.32	3.49	15.81	792.32	3.6/87	55.88	131/74
30 Banks (10)	792.32	+0.6	5.49	3.49	15.81	1206	+0.1	792.32	3.49	15.81	792.32	3.6/87	55.88	131/74
31 Insurance (Life) (9)	1044.34	+0.8	4.88	3.49	15.81	1206	+0.1	1044.34	3.49	15.81	1044.34	3.6/87	62.44	131/74
32 Insurance (Non-Life) (7)	1044.34	+0.8	4.88	3.49	15.81	1206	+0.1	1044.34	3.49	15.81	1044.34	3.6/87	62.44	131/74
33 Insurance (Brokers) (9)	1217.22	+0.2	6.87	4.43	14.49	2632	+0.2	1217.22	4.43	14.49	1217.22	3.6/87	122.86	45/86
34 Merchant Banks (11)	388.55	+0.1	3.30	3.49	15.81	1206	+0.1	388.55	3.49	15.81	388.55	3.6/87	31.21	7/8/75
35 Property (46)	1108.02	+0.6	4.01	2.54	22.31	1871	+0.2	1108.02	2.54	22.31	1108.02	3.6/87	51.87	301/84
36 Investment Trusts (93)	1013.65	+0.3	2.32	3.49	15.81	1206	+0.1	1013.65	3.49	15.81	1013.65	3.6/87	71.28	1/2/74
37 Mining Finance (2)	509.64	+0.2	6.00	3.26	19.60	1471	+0.1	509.64	3.26	19.60	509.64	3.6/87	66.31	309/74
38 Overseas Traders (11)	1247.33	+0.6	8.45	4.43	14.49	2632	+0.2	1247.33	4.43	14.49	1247.33	3.6/87	97.97	6/8/75
39 ALL SHARE INDEX (247)	1109.93	+0.6	3.33	3.49	15.81	1206	+0.1	1109.93	3.49	15.81	1109.93	3.6/87	63.49	131/74
40 FT-SE 100 SHARE INDEX	2225.5	+0.5	3.45	3.49	15.81	1206	+0.1	2225.5	3.49	15.81	2225.5	3.6/87	98.9	237/84

FIXED INTEREST						AVERAGE GROSS REDEMPTION YIELDS				1987				
						Fr 5	Thurs June 4	Year ago (approx.)	Highs	Lows				
PRICE INDICES	Fr June 5	Day's change %	Thurs June 4	nd adj. today	nd adj. 1987 to date									
British Government:						1 Low	5 years	7.89	7.91	7.56	9.78	2/1	7.52	13/5
1 5 years	126.48	+0.20	124.39	—	0.36	2 Coupons	15 years	8.71	8.79	8.09	10.08	2/1	8.53	8/5
2 5-15 years	126.13	+0.52	125.36	—	5.03	3 Medium	25 years	8.72	8.80	8.82	10.06	2/1	8.56	8/5
3 Over 15 years	126.64	—	126.40	—	5.16	4 5 years	15 years	8.79	8.88	8.88	10.09	2/1	8.59	8/5
4 Irredeemables	149.71	+0.51	146.85	—	6.90	5 Coupons	15 years	8.95	9.03	9.03	11.29	2/1	8.74	8/5
5 All stocks	141.51	+0.48	141.39	0.85	5.10	6 25 years	15 years	8.95	9.04	9.03	10.18	2/1	8.75	8/5
Index-Linked						7 High	5 years	8.96	9.06	9.01	10.24	2/1	8.58	8/5
1 5 years	123.03	+0.10	122.95	—	0.83	8 Coupons	15 years	9.06	9.16	9.17	10.57	2/1	8.86	8/5
2 Over 5 years	119.17	+0.39	119.12	—	1.17	9 25 years	15 years	8.88	8.95	9.11	10.24	2/1	8.67	8/5
3 All stocks	119.36	+0.04	119.25	—	1.13	10 Irredeemables	—	8.80	8.84	8.75	10.06	2/1	8.67	8/5
Index-Linked						11 Index-Linked								
1 5 years	123.03	+0.10	122.95	—	0.83	12 Inflation rate 5%	5 yrs	2.28	2.29	2.80	3.95	2/1	2.83	20/5
2 Over 5 years	119.17	+0.39	119.12	—	1.17	13 Inflation rate 10%	Over 5 yrs	3.32	3.39	3.67	4.80	2/1	3.32	20/5
3 All stocks	119.36	+0.04	119.25	—	1.13	14 Inflation rate 10%	5 yrs	1.67	1.67	2.67	2.57	16/4	2.05	24/3
						15 Inflation rate 10%	Over 5 yrs	3.51	3.50	3.16	3.71	2/1	3.17	27/3
Index-Linked & Loans	124.54	+0.82	124.52	—	5.65	16 5 years	5 years	9.61	9.64	10.06	11.46	2/1	9.50	23/3
1 Preference	89.33	+0.29	89.87	—	2.87	17 Loans	15 years	9.65	9.96	10.14	11.98	2/1	9.79	23/3
						18 25 years	—	10.49	10.49	10.15	11.30	2/1	9.84	23/3
						19 Preference	—	10.15	10.10	10.81	11.83	2/1	10.15	29/5



# INTL. COMPANIES and FINANCE

## Impala Pacific seeks HK \$900m

BY KEVIN HAMLIN IN HONG KONG

IMPALA PACIFIC, the Hong Kong listed arm of Australia's Ariadne group, is mounting a one-for-two rights issue that will raise HK\$900m (US\$115.4m) to fund the acquisition of a 26.2 per cent stake in Euro-National Corporation, a New Zealand investment bank, and the takeover of Renouf Corporation Australia, a quoted securities house, in a manoeuvre involving interlinked companies.

As Renouf Australia's earnings are derived mainly from outside Australia, shifting its incorporation to Hong Kong will produce substantial tax benefits.

Through this acquisition IPC will also gain a 50 per cent interest in Benequity, a California-based property investment and development concern quoted in New York. This stake has been held by Renouf Australia while Renouf New Zealand, that company's parent, holds the other half of Benequity.

Impala says the manoeuvre will enable it to expand its merchant banking and financial and investment services in Hong Kong and Asia. It adds that it also plans to develop the banking and financial service business of UK-based

Goode Durrant and Murray, which it controls. These moves will enable the group to "create an integrated merchant, banking and financial services division ranging across Australasia, Asia and Europe," a statement said. Mr Bruce Judge, Ariadne chairman, added that moves are under way to acquire a UK banking licence for Goode Durrant, now a deposit-taking company.

Mr Judge said Impala was paying NZ\$5.98 per share for its interest in Euro-National, which closed at NZ\$9.95 on Thursday, for a total value of HK\$810m. The acquisition of

6.4 per cent of the stake is subject to approval from New Zealand's overseas investment commission. Mr Judge said Impala would like to raise the stake to between 35 per cent and 40 per cent during the next one or two months.

The cash offer to acquire Renouf Australia is pitched at A\$3 for fully paid shares, which closed Thursday at A\$1.80, for a total value equivalent to HK\$370m. Impala is offering A\$1.34 for partly paid shares. Renouf Corporation of New Zealand owns about 50 per cent of Renouf Australia, and also holds 20 per cent of Impala.

## Avon Japan plans offering

BY OUR FINANCIAL STAFF

AVON PRODUCTS, the US cosmetics group, plans an initial public offering to Japanese investors of up to 40 per cent of its Japanese beauty products subsidiary. The sale is expected to generate more than \$200m.

Avon's offering is expected to be completed before the end of the year. The company said it retained Nomura Securities and Morgan Stanley to act as its advisers.

It declined to estimate the sale price, but said it "expects to realise sizeable gains on both

## Apple faces \$1bn lawsuit over contract

By Louise Kehoe in San Francisco

A SMALL Californian high-technology design firm is suing Apple Computer for \$1bn, alleging that Apple failed to honour a contract agreed by Mr Steven Jobs, former Apple chairman, immediately before he was ousted from the personal computer company in 1985.

The suit, filed last week in San Mateo, California, by Woodside Associates, sheds new light on the bitter power struggle between Mr Jobs and Mr John Sculley, Apple's president. It is an episode that Apple, pushing to establish itself as a supplier to business computer users, would prefer to forget.

The design company claims that it became a "football" kicked around in the Jobs/Sculley feud. Apple declined to comment on the suit, saying that the company's lawyers are still reviewing the claim.

Woodside claims that its dealings with Apple began in late 1984 when Mr Jobs, then chairman, asked the design group to produce a "book sized" version of his Macintosh computer, and the Macintosh display was designed by Woodside.

According to the suit, Jobs planned to spend \$5m to acquire Woodside and to use it to develop the group's technology. Woodside was to form the nucleus of a secret "Apple II" research operation funded by Mr Jobs' Macintosh group.

## Disputes hit gold production

BY JIM JONES IN JOHANNESBURG

ABSENTEEISM and go-slow which hit production at South Africa's Randfontein and Western Areas gold mines in this year's March quarter remain a problem and will affect the June quarter's operations, it has emerged.

Randfontein's directors expect the mine's June quarter gold output will be between 15 per cent and 20 per cent lower than in the March quarter, while Western Areas fears its gold output will drop by between 10 per cent and 15 per cent.

During the March quarter Randfontein overcame shortages of underground ore by increasing the processing of ore from low-grade surface dumps. Nevertheless its gold production slipped to 6,930 kg from

the two mines' March quarter. The two mines' March workers have been particularly worried by the prospect of redundancies planned to accompany underground mechanisation. Talks on retrenchments have been in progress for 10 months but have failed to result in any agreement.

General Host, which has a 26.2 per cent stake in Euro-National, which closed at NZ\$9.95 on Thursday, for a total value of HK\$810m. The acquisition of

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## Havas issue oversubscribed by 20 times

By David Housego in Paris

THE PRIVATISATION issue of Havas, the French state-controlled advertising group, was 20 times oversubscribed, the Ministry of Finance said yesterday.

The Government had put 2.5m shares on public offer or almost 20 per cent of group capital. As a result of the heavy demand for shares in the eighth group to be privatised under the government's programme, each subscriber will only be entitled to three shares.

Apart from the 20 per cent of the capital offered directly to the market, the Government earlier attributed a further 20 per cent to institutions or banks with a view to strengthening Havas's ability to resist takeovers.

The state will also hold a "golden share" which, in addition to its advertising and travel agency activities, controls Canal Plus, the pay television channel.

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## Mitsubishi Electric falls

BY OUR TOKYO STAFF

MITSUBISHI ELECTRIC, the Japanese machinery and consumer products maker, showed a consolidated net profit loss of 65 per cent to ¥10.8bn (¥74.8bn) in the year to March, on turnover which at ¥2,107.5bn was down a bare 0.1 per cent.

Sales in its information and communications systems and electronic devices divisions increased 10 per cent to contribute ¥563.7bn, while consumer products, which accounted for 28 per cent of the total, declined 3 per cent. Sales of

heavy machinery fell 3 per cent and industrial products and automotive equipments declined 5 per cent.

Mitsubishi said its overseas divisions were hurt by a foreign exchange loss of ¥56bn from the yen's appreciation. Another factor was intensified competition from newly industrialising countries in Asia.

For the current year it expects a jump of 41.5 per cent in consolidated net profits to ¥15bn, on turnover of ¥2,100bn, down 0.4 per cent from the previous year.

Disclosed earnings rose to 199.6 cents a share from 174 cents and the year's dividend has been lifted to 66 cents from 57 cents.

Balance sheet information has not been disclosed in the preliminary report, but in recent weeks competing banks have reported only small increases in total assets and advances.

South African businesses and individuals remain reluctant to increase their debt burdens despite negative real interest rates.

## Japan banks clear Mexico loans

BY YOKO SHIBATA IN TOKYO

A TOTAL of 28 Japanese banks have cleared from their books more than \$240m in loans to Mexico by selling them to a joint factoring company they have set up in the Cayman Islands.

This is the first time Japanese banks have written off a large amount of their loans to a heavily indebted developing country. JBA Investment, the Cayman venture, buys back credits at 58 per cent of book

value, and as a result 42 per cent of the \$240m total owing has been written off in the latest annual accounts as expenses which are not subject to Japanese tax payments.

Japanese banks emerged relatively unscathed by their exposure — the 13 largest reported an average 40 per cent jump in pre-tax profits for the year to March.

Combined exposure of major Japanese banks to Third World debtor countries is believed to have reached \$45bn by their year-end, of which \$37bn is in loans to Latin American countries such as Mexico and Brazil.

The 28 banks include all the city banks, long-term credit banks and trust banks. They have been seeking to make higher provisions for Third World debts, a move which has gained momentum since Citicorp led the way for US institutions to make massive transfers to loan loss reserves.

Mr Jobs had just left a stormy meeting with Mr Sculley at which Mr Sculley had accused Mr Jobs of plotting to have him fired.

Instead, both men fired each other, Mr Sculley removing Mr Jobs from his position as general manager of the Macintosh division and Mr Jobs responding by firing Mr Sculley, president and chief executive.

## Kraft pays \$296m for frozen foods group

BY KEVIN HAMLIN IN HONG KONG

KRAFT, the US food and consumer products group, is to pay \$296m for All American Gourmet, the fast-growing frozen foods business with such mouth-watering, pop-in-a-micro-wave products as linguini with scallops and clams, and sirloin tips with country style vegetables.

Kraft is to pay \$221m in cash and notes to General Host, the largest US nursery and crafts retailer, which owns 75 per cent of All American. It is also making a \$18 a share tender offer for the 4.1m All American shares held publicly.

The move allows General Host, which only last month was briefing City institutions on growth prospects for All American, to concentrate on its ambition to create the first nationwide US chain of nursery centres.

General Host, which has a long record of selling businesses for substantial one-time gains, expects to report an after-tax gain of about \$85m on the deal, and to reduce its debt-to-capitalisation ratio to 38 per cent.

The company's shares have fallen by 50 per cent over the past 10 months because of sharply reduced earnings, due partly to heavy expansion costs in its Frank's garden centre business, and serious accounting problems which led to a restatement of the division's earnings in early trading yesterday.

General Host's shares rose \$1 to \$14.4. For Kraft, which has made several acquisitions in frozen foods recently, the deal represents a chance to expand rapidly in one of the most promising segments of the US food business.

All American had sales of \$182m and operating income of \$12.5m last year, only its third full year of operations and its first as a public company. Products sold under The Budget Gourmet and recently introduced Slim Selects names, claim about 13 per cent of the US frozen single-dish market.

General Host has agreed not to compete with All American's business for five years, for which it is being paid \$3.5m a year. The company indicated yesterday it had received many expressions of interest in All American, and that Kraft's offer was too good to refuse.

## COMMODITIES AND AGRICULTURE

### WEEKLY PRICE CHANGES

	Latest price per tonne unless stated	Change on week	Year ago	1987	
				High	Low
<b>METALS</b>					
Aluminium	\$1,585/605	+35	\$1,530/360	\$1,688/1905	\$1,286/121
Antimony	\$2,870/440	+25	\$2,860/474	\$3,400/2,900	\$2,900/2,500
Free Market 99.95	\$2,575/75	+25	\$2,575/75	\$2,575/75	\$2,575/75
Copper-Cash Grade A	\$2,535/5	+25	\$2,535/5	\$2,537/75	\$2,530/25
3 months Grade A	\$2,535/5	+25	\$2,535/5	\$2,537/75	\$2,530/25
Gold per oz	\$282.5	+0.5	\$282.5	\$283.45	\$281.55
Lead Cash	\$232.5	+0.5	\$232.5	\$237.95	\$234.55
3 months	\$232.5	+0.5	\$232.5	\$237.95	\$234.55
Nickel	\$1,717/0	+4	\$1,694/4	\$1,834/24	\$1,677/7
Free market	\$1,717/0	+4	\$1,694/4	\$1,834/24	\$1,677/7
Palladium	\$1,430/0	+1.25	\$1,430/0	\$1,531/0	\$1,317/15
Platinum	\$1,430/0	+1.25	\$1,430/0	\$1,531/0	\$1,317/15
Quicksilver (76% Ni)	\$2,570/20	+0.25	\$2,570/20	\$2,570/20	\$2,570/20
Silver per oz	\$232.5	+0.45	\$231.71/5	\$238.60/0	\$230.15/0
3 months per oz	\$232.5	+0.45	\$231.71/5	\$238.60/0	\$230.15/0
Tin	\$2,470/200	+2.5	\$2,450/0	\$2,560/0	\$2,440/0
Free market	\$2,470/200	+2.5	\$2,450/0	\$2,560/0	\$2,440/0
Tungsten Ind.	\$248.55	+0.5	\$248.55	\$250.55	\$246.55
Wolfram 99.95 Ind.	\$254.0	+0.5	\$254.0	\$256.5	\$251.5
3 months	\$254.0	+0.5	\$254.0	\$256.5	\$251.5
Producers	\$254.0	+0.5	\$254.0	\$256.5	\$251.5
<b>GRAINS</b>					
Barley Futures Sept.	\$2,570/20	+0.05	\$2,570/20	\$2,570/20	\$2,570/20
Matze French	\$2,570/20	+0.05	\$2,570/20	\$2,570/20	\$2,570/20
WHEAT Futures Sept.	\$2,570/20	+0.05	\$2,570/20	\$2,570/20	\$2,570/20
<b>SPICES</b>					
Cloves	\$5,475	+25	\$4,700	\$5,800	\$5,300
Pepper white	\$5,400	+25	\$3,500	\$5,800	\$4,900
Black	\$4,450	+25	\$3,500	\$4,900	\$4,900
<b>OIL</b>					
Coconut (Philippines)	\$340/2	+5	\$385	\$460	\$380
Palm Malaysian	\$510	+5	\$490	\$500	\$480
<b>SEEDS</b>					
Copra (Philippines)	\$280/0	+10	\$165	\$300	\$920
Soyabean (U.S.)	\$154/4	+1	\$149	\$155	\$143.5
<b>OTHER COMMODITIES</b>					
Cocoa Futures July	\$1,288.5	+5	\$1,265	\$1,290.5	\$1,286
Coffee Futures July	\$1,288.5	+5	\$1,265	\$1,290.5	\$1,286
Dotton Outboard A Ind ex	\$0.55	+0.25	\$1.15	\$0.60	\$0.55
Gas Oil Fut. July	\$1.15	+0.5	\$1.15	\$1.15	\$1.15
June LJA 500 grade	\$260	+5	\$250	\$260	\$250
Rubber kilo	\$65.25	+1	\$67.5	\$67.5	\$60
Sisal No. 1	\$10.10	+0.5	\$10.10	\$10.10	\$10.10
Tea quality kilo	\$165.25	+0.5	\$160	\$160	\$149.5
Super quality kilo	\$165.25	+0.5	\$160	\$160	\$149.5
Tea quality kilo	\$165.25	+0.5	\$160	\$160	\$149.5
Wooltops 64% Super	\$450 kilo +3	+5	\$425 kilo +3	\$450 kilo	\$410 kilo







## CURRENCIES &amp; MONEY

## FOREIGN EXCHANGES

## Dollar slightly weaker

THE DOLLAR was a little weaker when it changed yesterday. There was little incentive to push the US unit outside its recent trading range in view of the proximity of the long weekend in Europe and the start on Monday of the economic summit in Venice.

Traders were unsure of the outcome but those expressing an opinion suggested that little would be resolved on the question of West Germany cutting its interest rates or formulating an economic expansion package similar to that announced by the Japanese. This led to fears that the dollar would be allowed to resume its decline in order to bring more pressure to bear.

News of an unchanged rate of unemployment in the US at 6.3 per cent appeared to have little effect on the dollar. The dollar closed at DM1.8135 from DM1.8135 and ¥143.80 compared with ¥144.25. Elsewhere it slipped to Sfr1.5030 from Sfr1.5065 and FFfr.0675 from FFfr.0675. On Bank of England figures, the dollar's exchange

rate index fell from 101.8 to 101.7. Sterling trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 72.6 compared with 72.7 at the opening and 72.5 on Thursday.

Sterling finished around the middle of the day's range in trading. The pre-weekend trading range against the dollar continued to show a sentiment and while the Conservative Party still showed a comfortable lead, there were few speculators in the market willing to be complacent. The pound closed at \$1.6310 from \$1.6340 and DM 2.8575 compared with DM 2.8525. Against the yen it rose slightly to ¥123.40 from ¥123.25. Elsewhere it finished at Sfr 2.4525 from Sfr 2.4475 and FFfr 6.6925 from FFfr 6.6925.

DM-MARK-TRADING range against the dollar in 1987 is 1.9305 to 1.7890. May average 1.7887. Exchange rate index 146.9 against 147.2 at the opening and 146.5 on Thursday. The dollar was fixed at DM 1.8114 at yesterday's fixing in

Frankfurt compared with DM 1.8163 on Thursday and there was no intervention by the Bundesbank.

Trading volume was low ahead of the long weekend and the Venice summit starting on Monday. Consequently little activity was centred on position squaring, mainly because there was no clear consensus over what the outcome of the summit would be. Amidst the uncertainty one factor remained clear and that was the bearish influence on the dollar caused by the twin budget and trade deficits. US unemployment figures at an unchanged 6.3 per cent, had no effect on trading.

NIGERIAN NAIRA—The dollar rose to 4.3201 against the naira at yesterday's fixing in Lagos, compared with 4.150 at the last fixing held three weeks ago. This was its lowest level since September last year since when it has depreciated by 65 per cent. The naira's fall reflected a strong demand for the \$100m on offer.

## £ IN NEW YORK

June 5	Latest	Previous Close
£ Spot	1.6315-1.6345	1.6275-1.6285
3 month	1.6285-1.6315	1.6245-1.6255
6 month	1.6255-1.6285	1.6215-1.6225
12 month	1.6225-1.6255	1.6185-1.6195

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

June 5	Latest	Previous Close
8.30 am	72.7	72.5
9.00 am	72.7	72.5
10.00 am	72.7	72.5
11.00 am	72.7	72.5
12.00 pm	72.7	72.5
1.00 pm	72.7	72.5
2.00 pm	72.7	72.5
3.00 pm	72.7	72.5
4.00 pm	72.7	72.5

## CURRENCY RATES

June 5	Bank rate	Spot rate	European currency
Sterling	7.9000	0.701053	
US Dollar	1.50	1.2902	
Canadian \$	1.30	1.1952	
Australian \$	1.40	1.1532	
Belgian Franc	7.4	1.4527	
Deutsche Mark	3.0	2.3370	
French Franc	6.5	1.3668	
Italian Lira	11.5	1.9305	
Japanese Yen	2.4	150.20	
Norwegian Krone	8.0	1.4881	
Spanish Peseta	166.6	1.6666	
Swedish Krona	4.6	1.4565	
Swiss Franc	2.0	1.7128	
Yen	2.4	150.20	

US dollar rate for convertible francs. Financial time 61.35-61.45. Six-month forward dollar 0.99-0.94. 12-month 1.37-1.27. 127.25.

Correction for June 4, Sweden close 10.28-10.29.

©FT/SDD rate for June 4: 1.72648

## CURRENCY MOVEMENTS

June 5	Bank of England	Morgan Guaranty
Sterling	72.5	-20.9
US Dollar	1.50	-11.5
Australian \$	1.40	+10.3
Belgian Franc	7.4	+4.2
Deutsche Mark	3.0	+3.3
French Franc	6.5	+14.4
Italian Lira	11.5	+13.0
Japanese Yen	2.4	+15.4
Norwegian Krone	8.0	+14.4
Spanish Peseta	166.6	+14.4
Swedish Krona	4.6	+14.4
Swiss Franc	2.0	+14.4
Yen	2.4	+14.4

Morgan Guaranty changes: average 1980-1985-1986. Bank of England Index (Base average 1975-1980).

## OTHER CURRENCIES

June 5	£	US
Argentina	2.6552-2.6670	1.6290-1.6390
Australia	2.7752-2.7870	1.3990-1.3990
Belgium	7.4000-7.4000	1.4000-1.4000
Canada	1.3000-1.3000	1.1952-1.1952
France	6.5000-6.5000	1.3668-1.3668
Germany	3.0000-3.0000	2.3370-2.3370
Greece	33.3333-33.3333	1.3415-1.3415
Hong Kong	7.7500-7.7500	7.8000-7.8000
India	10.0000-10.0000	10.0000-10.0000
Indonesia	1.6000-1.6000	1.6000-1.6000
Italy	11.5000-11.5000	1.9305-1.9305
Japan	2.4000-2.4000	150.20-150.20
Korea	8.0000-8.0000	1.4881-1.4881
Malaysia	4.0000-4.0000	2.4952-2.4952
Netherlands	2.0000-2.0000	1.7128-1.7128
Norway	8.0000-8.0000	1.4881-1.4881
Philippines	4.0000-4.0000	4.0000-4.0000
Portugal	20.0000-20.0000	20.0000-20.0000
Saudi Arabia	4.0000-4.0000	4.0000-4.0000
Singapore	1.0000-1.0000	1.0000-1.0000
South Africa	1.0000-1.0000	1.0000-1.0000
Spain	166.6000-166.6000	1.6666-1.6666
Sweden	4.6000-4.6000	1.4565-1.4565
Switzerland	2.0000-2.0000	1.7128-1.7128
Taiwan	5.0000-5.0000	5.0000-5.0000
Thailand	5.0000-5.0000	5.0000-5.0000
UK	7.9000-7.9000	0.701053-0.701053
USA	1.5000-1.5000	1.2902-1.2902

\*Selling rate

## MONEY MARKETS

## UK rates mostly steady

THERE was little incentive to move rates outside their recent trading range in the London money market yesterday. Attention remained centred on the outcome of the general election and also to some extent the effect on sterling of the Venice summit.

UK clearing bank base lending rate 9 per cent since May 3

Three-month interbank money was quoted at 8 1/2-8 3/4 per cent, unchanged from Thursday. Weekend interbank money started at 9 per cent and moved up to a high of 10 per cent before slipping away to 8 per cent.

Sterling remained steady in currency markets and this had traders disinclined to take out fresh positions ahead of the weekend and the summit in Venice.

The Bank of England forecast a shortage of around £200m through outright sales of local authority bills and £20m of eligible bank bills in band 1 at 8 1/4 per cent and £70m of eligible bank bills in band 2 also at 8 1/4 per cent.

Further help was given in the morning of £200m through outright purchases of £100m of eligible bank bills in band 1 at 8 1/4 per cent and £200m in band 2 also at 8 1/4 per cent. Late help came to

£40m, making a total of £560m. The average rate of discount fell to 8.3500 per cent from 8.4947 per cent at yesterday's Treasury bill tender and the £400m of bills on offer attracted bids of £1,525m compared with £1,244m for a similar amount the previous week. The minimum accepted bid was 8.375 per cent against 8.375 per cent at that level were met and above in

## FT LONDON INTERBANK FIXING

(11.00 a.m. June 5) 3 months U.S. dollars bid 7 1/4 offer 7 1/4

bid 7 1/4 offer 7 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-hundredth, of the bid and offer rates for \$100m quoted by the market in the reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Paribas de Paris and Morgan Guaranty Trust.

June 5	Overnight	One Month	Three Months	Six Months	London Interbank
Frankfurt	3.25-3.45	3.60-3.70	3.65-3.75	3.65-3.80	5.0
Paris	7.0-7.5	8.0-8.5	8.0-8.5	8.0-8.5	7.0
Zurich	5.0-5.5	5.5-6.0	5.5-6.0	5.5-6.0	5.0
Amsterdam	5.0-5.5	5.5-6.0	5.5-6.0	5.5-6.0	5.0
Tokyo	2.21675	3.71675	3.71675	3.71675	3.0
Hong Kong	5.0-5.5	5.5-6.0	5.5-6.0	5.5-6.0	5.0
Dubai	10.0-11.0	11.0-12.0	11.0-12.0	11.0-12.0	11.0

## LONDON MONEY RATES

June 5

Overnight 10.0-11.0

One Month 8.0-8.5

Three Months 8.0-8.5

Six Months 8.0-8.5

London Interbank 5.0

Interbank 5.0

Local Authority Deposits 5.0

Discount Market Deposits 5.0

Company Deposits 5.0

Fixed Rate Deposits 5.0

Treasury Bills (May)

Bank Bills (May)

Bank Bills (June)

Dollar Bills

SRI Linked Deposits

ECU Linked Deposits

Treasury Bills (May)

Treasury Bills (June)

Treasury Bills (July)

Treasury Bills (August)

Treasury Bills (September)

Treasury Bills (October)

Treasury Bills (November)

Treasury Bills (December)

Treasury Bills (January)

Treasury Bills (February)

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Treasury Bills (November)

Treasury Bills (December)











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**FT UNIT TRUST INFORMATION SERVICE**



BRITISH FUNDS—Contd.									
1987	Stock	Price	100	Yield	1987	Stock	Price	100	Yield
High	Low	100	100	100	High	Low	100	100	100
Shorts (Lives up to Five Years)									
9917	9917	300.00	9.99	8.88	Index-Linked				
9917	9917	300.00	9.99	8.88	(1)				
9917	9917	300.00	9.99	8.88	(2)				
9917	9917	300.00	9.99	8.88	(3)				
9917	9917	300.00	9.99	8.88	(4)				
9917	9917	300.00	9.99	8.88	(5)				
9917	9917	300.00	9.99	8.88	(6)				
9917	9917	300.00	9.99	8.88	(7)				
9917	9917	300.00	9.99	8.88	(8)				
9917	9917	300.00	9.99	8.88	(9)				
9917	9917	300.00	9.99	8.88	(10)				
9917	9917	300.00	9.99	8.88	(11)				
9917	9917	300.00	9.99	8.88	(12)				
9917	9917	300.00	9.99	8.88	(13)				
9917	9917	300.00	9.99	8.88	(14)				
9917	9917	300.00	9.99	8.88	(15)				
9917	9917	300.00	9.99	8.88	(16)				
9917	9917	300.00	9.99	8.88	(17)				
9917	9917	300.00	9.99	8.88	(18)				
9917	9917	300.00	9.99	8.88	(19)				
9917	9917	300.00	9.99	8.88	(20)				
9917	9917	300.00	9.99	8.88	(21)				
9917	9917	300.00	9.99	8.88	(22)				
9917	9917	300.00	9.99	8.88	(23)				
9917	9917	300.00	9.99	8.88	(24)				
9917	9917	300.00	9.99	8.88	(25)				
9917	9917	300.00	9.99	8.88	(26)				
9917	9917	300.00	9.99	8.88	(27)				
9917	9917	300.00	9.99	8.88	(28)				
9917	9917	300.00	9.99	8.88	(29)				
9917	9917	300.00	9.99	8.88	(30)				
9917	9917	300.00	9.99	8.88	(31)				
9917	9917	300.00	9.99	8.88	(32)				
9917	9917	300.00	9.99	8.88	(33)				
9917	9917	300.00	9.99	8.88	(34)				
9917	9917	300.00	9.99	8.88	(35)				
9917	9917	300.00	9.99	8.88	(36)				
9917	9917	300.00	9.99	8.88	(37)				
9917	9917	300.00	9.99	8.88	(38)				
9917	9917	300.00	9.99	8.88	(39)				
9917	9917	300.00	9.99	8.88	(40)				
9917	9917	300.00	9.99	8.88	(41)				
9917	9917	300.00	9.99	8.88	(42)				
9917	9917	300.00	9.99	8.88	(43)				
9917	9917	300.00	9.99	8.88	(44)				
9917	9917	300.00	9.99	8.88	(45)				
9917	9917	300.00	9.99	8.88	(46)				
9917	9917	300.00	9.99	8.88	(47)				
9917	9917	300.00	9.99	8.88	(48)				
9917	9917	300.00	9.99	8.88	(49)				
9917	9917	300.00	9.99	8.88	(50)				
9917	9917	300.00	9.99	8.88	(51)				
9917	9917	300.00	9.99	8.88	(52)				
9917	9917	300.00	9.99	8.88	(53)				
9917	9917	300.00	9.99	8.88	(54)				
9917	9917	300.00	9.99	8.88	(55)				
9917	9917	300.00	9.99	8.88	(56)				
9917	9917	300.00	9.99	8.88	(57)				
9917	9917	300.00	9.99	8.88	(58)				
9917	9917	300.00	9.99	8.88	(59)				
9917	9917	300.00	9.99	8.88	(60)				
9917	9917	300.00	9.99	8.88	(61)				
9917	9917	300.00	9.99	8.88	(62)				
9917	9917	300.00	9.99	8.88	(63)				
9917	9917	300.00	9.99	8.88	(64)				
9917	9917	300.00	9.99	8.88	(65)				
9917	9917	300.00	9.99	8.88	(66)				
9917	9917	300.00	9.99	8.88	(67)				
9917	9917	300.00	9.99	8.88	(68)				
9917	9917	300.00	9.99	8.88	(69)				
9917	9917	300.00	9.99	8.88	(70)				
9917	9917	300.00	9.99	8.88	(71)				
9917	9917	300.00	9.99	8.88	(72)				
9917	9917	300.00	9.99	8.88	(73)				
9917	9917	300.00	9.99	8.88	(74)				
9917	9917	300.00	9.99	8.88	(75)				
9917	9917	300.00	9.99	8.88	(76)				
9917	9917	300.00	9.99	8.88	(77)				
9917	9917	300.00	9.99	8.88	(78)				
9917	9917	300.00	9.99	8.88	(79)				
9917	9917	300.00	9.99	8.88	(80)				
9917	9917	300.00	9.99	8.88	(81)				
9917	9917	300.00	9.99	8.88	(82)				
9917	9917	300.00	9.99	8.88	(83)				
9917	9917	300.00	9.99	8.88	(84)				
9917	9917	300.00	9.99	8.88	(85)				
9917	9917	300.00	9.99	8.88	(86)				
9917	9917	300.00	9.99	8.88	(87)				
9917	9917	300.00	9.99	8.88	(88)				
9917	9917	300.00	9.99	8.88	(89)				
9917	9917	300.00	9.99	8.88	(90)				
9917	9917	300.00	9.99	8.88	(91)				
9917	9917	300.00	9.99	8.88	(92)				
9917	9917	300.00	9.99	8.88	(93)				
9917	9917	300.00	9.99	8.88	(94)				
9917	9917	300.00	9.99	8.88	(95)				
9917	9917	300.00	9.99	8.88	(96)				
9917	9917	300.00	9.99	8.88	(97)				
9917	9917	300.00	9.99	8.88	(98)				
9917	9917	300.00	9.99	8.88	(99)				
9917	9917	300.00	9.99	8.88	(100)				

AMERICANS									
1987	Stock	Price	100	Yield	1987	Stock	Price	100	Yield
High	Low	100	100	100	High	Low	100	100	100
45	45	45	45	45	45	45	45	45	45
46	46	46	46	46	46	46	46	46	46
47	47	47	47	47	47	47	47	47	47
48	48	48	48	48	48	48	48	48	48
49	49	49	49	49	49	49	49	49	49
50	50	50	50	50	50	50	50	50	50
51	51	51	51	51	51	51	51	51	51
52	52	52	52	52	52	52	52	52	52
53	53	53	53	53	53	53	53	53	53
54	54	54	54	54	54	54	54	54	54
55	55	55	55	55	55	55	55	55	55
56	56	56	56	56	56	56	56	56	56
57	57	57	57	57	57	57	57	57	57
58	58	58	58	58	58	58	58	58	58
59	59	59	59	59	59	59	59	59	59
60	60	60	60	60	60	60	60	60	60
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62	62	62	62	62	62	62	62	62	62
63	63	63	63	63	63	63	63	63	63
64	64	64	64	64	64	64	64	64	64
65	65	65	65	65	65	65	65	65	65
66	66	66	66	66	66	66	66	66	66
67	67	67	67	67	67	67	67	67	67
68	68	68	68	68	68	68	68	68	68
69	69	69	69	69	69	69	69	69	69
70	70	70	70	70	70	70	70	70	70
71	71	71	71	71	71	71	71	71	71
72	72	72	72	72	72	72	72	72	72
73	73	73	73	73	73	73	73	73	73
74	74	74	74	74	74	74	74	74	74
75	75	75	75	75	75	75	75	75	75
76	76	76	76	76	76	76	76	76	76
77	77	77	77	77	77	77	77	77	77
78	78	78	78	78	78	78	78	78	78
79	79	79	79	79	79	79	79	79	79
80	80	80	80	80	80	80	80	80	80
81	81	81	81	81	81	81	81	81	81
82	82	82	82	82	82	82	82	82	82
83	83	83	83	83	83	83	83	83	83
84	84	84	84	84	84	84	84	84	84
85	85	85	85	85	85	85	85	85	85
86	86	86	86	86	86	86	86	86	86
87	87	87	87	87	87	87	87	87	87
88	88	88	88	88	88	88	88	88	88
89	89	89	89	89	89	89	89	89	89
90	90	90	90	90	90	90	90	90	90
91	91	91	91	91	91	91	91	91	91
92	92	92	92	92	92	92	92	92	92
93	93	93	93	93	93	93	93	93	93
94	94	94	94	94	94	94	94	94	94
95	95	95	95	95	95	95	95	95	95
96	96	96	96	96	96	96	96	96	96
97	97	97	97	97	97	97	97	97	97
98	98	98	98	98	98	98	98	98	98
99	99	99	99	99	99	99	99	99	99
100	100	100	100	100	100	100	100	100	100

CORPORATION BONDS									
1987	Stock	Price	100	Yield	1987	Stock	Price	100	Yield
High	Low	100	100	100	High	Low	100	100	100
209	209	209	209	209	209	209	209	209	209
110	110	110	110	110	110	110	110	110	110
111	111	111	111	111	111	111	111	111	111
112	112	112	112	112	112	112	112	112	112
113	113	113	113	113	113	113	113	113	113
114	114	114	114	114	114	114	114	114	114
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116	116	116	116	116	116	116	116	116	116
117	117	117	117	117	117	117	117	117	117
118	118	118	118	118	118	118	118	118	118
119	119	119	119	119	119	119	119	119	119
120	120	120	120	120	120	120	120	120	120
121	121	121	121	121	121	121	121	121	121
122	122	122	122	122	122	122	122	122	122
123	123	123	123	123	123	123	123	123	123
124	124	124	124	124	124	124	124	124	124
125	125	125	125	125	125	125	125	125	125
126	126	126							

BRITISH FUNDS—Contd.									
1987	Stock	Price	100	Yield	1987	Stock	Price	100	Yield
High	Low	100	100	100	High	Low	100	100	100
Shorts (Lives up to Five Years)									
9917	9917	300.0	9.99	8.88	Index-Linked				
9917	9917	300.0	9.99	8.88	(1)				
9917	9917	300.0	9.99	8.88	(2)				
9917	9917	300.0	9.99	8.88	(3)				
9917	9917	300.0	9.99	8.88	(4)				
9917	9917	300.0	9.99	8.88	(5)				
9917	9917	300.0	9.99	8.88	(6)				
9917	9917	300.0	9.99	8.88	(7)				
9917	9917	300.0	9.99	8.88	(8)				
9917	9917	300.0	9.99	8.88	(9)				
9917	9917	300.0	9.99	8.88	(10)				
9917	9917	300.0	9.99	8.88	(11)				
9917	9917	300.0	9.99	8.88	(12)				
9917	9917	300.0	9.99	8.88	(13)				
9917	9917	300.0	9.99	8.88	(14)				
9917	9917	300.0	9.99	8.88	(15)				
9917	9917	300.0	9.99	8.88	(16)				
9917	9917	300.0	9.99	8.88	(17)				
9917	9917	300.0	9.99	8.88	(18)				
9917	9917	300.0	9.99	8.88	(19)				
9917	9917	300.0	9.99	8.88	(20)				
9917	9917	300.0	9.99	8.88	(21)				
9917	9917	300.0	9.99	8.88	(22)				
9917	9917	300.0	9.99	8.88	(23)				
9917	9917	300.0	9.99	8.88	(24)				
9917	9917	300.0	9.99	8.88	(25)				
9917	9917	300.0	9.99	8.88	(26)				
9917	9917	300.0	9.99	8.88	(27)				
9917	9917	300.0	9.99	8.88	(28)				
9917	9917	300.0	9.99	8.88	(29)				
9917	9917	300.0	9.99	8.88	(30)				
9917	9917	300.0	9.99	8.88	(31)				
9917	9917	300.0	9.99	8.88	(32)				
9917	9917	300.0	9.99	8.88	(33)				
9917	9917	300.0	9.99	8.88	(34)				
9917	9917	300.0	9.99	8.88	(35)				
9917	9917	300.0	9.99	8.88	(36)				
9917	9917	300.0	9.99	8.88	(37)				
9917	9917	300.0	9.99	8.88	(38)				
9917	9917	300.0	9.99	8.88	(39)				
9917	9917	300.0	9.99	8.88	(40)				
9917	9917	300.0	9.99	8.88	(41)				
9917	9917	300.0	9.99	8.88	(42)				
9917	9917	300.0	9.99	8.88	(43)				
9917	9917	300.0	9.99	8.88	(44)				
9917	9917	300.0	9.99	8.88	(45)				
9917	9917	300.0	9.99	8.88	(46)				
9917	9917	300.0	9.99	8.88	(47)				
9917	9917	300.0	9.99	8.88	(48)				
9917	9917	300.0	9.99	8.88	(49)				
9917	9917	300.0	9.99	8.88	(50)				
9917	9917	300.0	9.99	8.88	(51)				
9917	9917	300.0	9.99	8.88	(52)				
9917	9917	300.0	9.99	8.88	(53)				
9917	9917	300.0	9.99	8.88	(54)				
9917	9917	300.0	9.99	8.88	(55)				
9917	9917	300.0	9.99	8.88	(56)				
9917	9917	300.0	9.99	8.88	(57)				
9917	9917	300.0	9.99	8.88	(58)				
9917	9917	300.0	9.99	8.88	(59)				
9917	9917	300.0	9.99	8.88	(60)				
9917	9917	300.0	9.99	8.88	(61)				
9917	9917	300.0	9.99	8.88	(62)				
9917	9917	300.0	9.99	8.88	(63)				
9917	9917	300.0	9.99	8.88	(64)				
9917	9917	300.0	9.99	8.88	(65)				
9917	9917	300.0	9.99	8.88	(66)				
9917	9917	300.0	9.99	8.88	(67)				
9917	9917	300.0	9.99	8.88	(68)				
9917	9917	300.0	9.99	8.88	(69)				
9917	9917	300.0	9.99	8.88	(70)				
9917	9917	300.0	9.99	8.88	(71)				
9917	9917	300.0	9.99	8.88	(72)				
9917	9917	300.0	9.99	8.88	(73)				
9917	9917	300.0	9.99	8.88	(74)				
9917	9917	300.0	9.99	8.88	(75)				
9917	9917	300.0	9.99	8.88	(76)				
9917	9917	300.0	9.99	8.88	(77)				
9917	9917	300.0	9.99	8.88	(78)				
9917	9917	300.0	9.99	8.88	(79)				
9917	9917	300.0	9.99	8.88	(80)				
9917	9917	300.0	9.99	8.88	(81)				
9917	9917	300.0	9.99	8.88	(82)				
9917	9917	300.0	9.99	8.88	(83)				
9917	9917	300.0	9.99	8.88	(84)				
9917	9917	300.0	9.99	8.88	(85)				
9917	9917	300.0	9.99	8.88	(86)				
9917	9917	300.0	9.99	8.88	(87)				
9917	9917	300.0	9.99	8.88	(88)				
9917	9917	300.0	9.99	8.88	(89)				
9917	9917	300.0	9.99	8.88	(90)				
9917	9917	300.0	9.99	8.88	(91)				
9917	9917	300.0	9.99	8.88	(92)				
9917	9917	300.0	9.99	8.88	(93)				
9917	9917	300.0	9.99	8.88	(94)				
9917	9917	300.0	9.99	8.88	(95)				
9917	9917	300.0	9.99	8.88	(96)				
9917	9917	300.0	9.99	8.88	(97)				
9917	9917	300.0	9.99	8.88	(98)				
9917	9917	300.0	9.99	8.88	(99)				
9917	9917	300.0	9.99	8.88	(100)				

AMERICANS									
1987	Stock	Price	100	Yield	1987	Stock	Price	100	Yield
High	Low	100	100	100	High	Low	100	100	100
45	45	45	45	45	45	45	45	45	45
46	46	46	46	46	46	46	46	46	46
47	47	47	47	47	47	47	47	47	47
48	48	48	48	48	48	48	48	48	48
49	49	49	49	49	49	49	49	49	49
50	50	50	50	50	50	50	50	50	50
51	51	51	51	51	51	51	51	51	51
52	52	52	52	52	52	52	52	52	52
53	53	53	53	53	53	53	53	53	53
54	54	54	54	54	54	54	54	54	54
55	55	55	55	55	55	55	55	55	55
56	56	56	56	56	56	56	56	56	56
57	57	57	57	57	57	57	57	57	57
58	58	58	58	58	58	58	58	58	58
59	59	59	59	59	59	59	59	59	59
60	60	60	60	60	60	60	60	60	60
61	61	61	61	61	61	61	61	61	61
62	62	62	62	62	62	62	62	62	62
63	63	63	63	63	63	63	63	63	63
64	64	64	64	64	64	64	64	64	64
65	65	65	65	65	65	65	65	65	65
66	66	66	66	66	66	66	66	66	66
67	67	67	67	67	67	67	67	67	67
68	68	68	68	68	68	68	68	68	68
69	69	69	69	69	69	69	69	69	69
70	70	70	70	70	70	70	70	70	70
71	71	71	71	71	71	71	71	71	71
72	72	72	72	72	72	72	72	72	72
73	73	73	73	73	73	73	73	73	73
74	74	74	74	74	74	74	74	74	74
75	75	75	75	75	75	75	75	75	75
76	76	76	76	76	76	76	76	76	76
77	77	77	77	77	77	77	77	77	77
78	78	78	78	78	78	78	78	78	78
79	79	79	79	79	79	79	79	79	79
80	80	80	80	80	80	80	80	80	80
81	81	81	81	81	81	81	81	81	81
82	82	82	82	82	82	82	82	82	82
83	83	83	83	83	83	83	83	83	83
84	84	84	84	84	84	84	84	84	84
85	85	85	85	85	85	85	85	85	85
86	86	86	86	86	86	86	86	86	86
87	87	87	87	87	87	87	87	87	87
88	88	88	88	88	88	88	88	88	88
89	89	89	89	89	89	89	89	89	89
90	90	90	90	90	90	90	90	90	90
91	91	91	91	91	91	91	91	91	91
92	92	92	92	92	92	92	92	92	92
93	93	93	93	93	93	93	93	93	93
94	94	94	94	94	94	94	94	94	94
95	95	95	95	95	95	95	95	95	95
96	96	96	96	96	96	96	96	96	96
97	97	97	97	97	97	97	97	97	97
98	98	98	98	98	98	98	98	98	98
99	99	99	99	99	99	99	99	99	99
100	100	100	100	100	100	100	100	100	100

CORPORATION BONDS									
1987	Stock	Price	100	Yield	1987	Stock	Price	100	Yield
High	Low	100	100	100	High	Low	100	100	100
209	209	209	209	209	209	209	209	209	209
110	110	110	110	110	110	110	110	110	110
111	111	111	111	111	111	111	111	111	111
112	112	112	112	112	112	112	112	112	112
113	113	113	113	113	113	113	113	113	113
114	114	114	114	114	114	114	114	114	114
115	115	115	115	115	115	115	115	115	115
116	116	116	116	116	116	116	116	116	116
117	117	117	117	117	117	117	117	117	117
118	118	118	118	118	118	118	118	118	118
119	119	119	119	119	119	119	119	119	119
120	120	120	120	120	120	120	120	120	120
121	121	121	121	121	121	121	121	121	121
122	122	122	122	122	122	122	122	122	122
123	123	123	123	123	123	123	123	123	123
124	124	124	124	124	124	124	124	124	124
125	125	125	125	125	125	125	125	125	125
126	126	126	126	126	126	126	126	126	126
127	127	127	127	127					



[illegible]



**MINES—Continued**[illegible][illegible][illegible][illegible]



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# FINANCIAL TIMES

Saturday June 6 1987

My golden hello has a poison pill.  
They won't let me keep my secretary from... 9

**Senior Secretaries**  
TELEPHONE: 01-506 5011

Peter Riddell forecasts a working Tory majority in the Commons next Thursday

## Conservatives hold lead in final stretch

THE CONSERVATIVES remain the favourites to win a working majority in the Commons next Thursday, but not with the full-hearted endorsement they expected.

Despite the flurry of excitement in the middle of this week, the opinion polls have been remarkably stable for most of the campaign, with Conservative support between 42 and 43 per cent.

After the initial switch from the SDP/Liberal Alliance to Labour, there has been only a slight further Labour advance, to nearly 35 per cent. The Alliance has held at about 20 to 21 per cent for the past 10 days, but has shown no real sign of picking up.

At this stage of the 1983 campaign, the Alliance was clearly rising—at about 23/24 per cent—while Labour had slipped to 30 per cent, and the Tories were at more than 45 per cent.

Yet, despite its continued large lead, the Conservative campaign has not gone accord-

ing to plan. What the Tories originally intended as a forward looking campaign of radical ideas has turned into a largely defensive operation on the Government's record and the "don't let Labour rule it" theme.

Instead, Labour has been able to set the agenda, on its favourable issues of jobs, pensions and the health service.

At recent polls show that while the Tories have maintained their big advantage on defence and the economy, the main change has been the considerable improvement in Labour's rating on education, on which the Tories have made their most radical proposals. There has also been little evidence of strong support for the other main radical proposals, on housing.

Tory candidates have been closely questioned over the plan to allow schools to opt out of local authority control following Mrs Thatcher's initially confusing remarks about selection and changing fees. Some

**LATEST OPINION POLLS**

	Cons	Lab	All
Marplan (Today)	43	35	21
Harris rolling survey for TV-am	44	33	21
Campaign start	43	29	25
End week 1	43	33	23
End week 2	43.1	34.2	22.4
End week 3	42.4	34.3	22.9

candidates have been saying they do not expect this idea to be taken up in their areas.

Mr Neil Kinnock and Labour are regarded by voters as the most impressive campaigners. They have seldom been tested during the campaign and have so far been able to brush aside questions about the status of earlier policy commitments not included in the manifesto and about the detailed implications

of tax and social security proposals.

By contrast, the occasionally faltering character of the Tory campaign has prompted considerable soul-searching in Conservative Central Office, particularly over the work of Saatchi & Saatchi, whose advertisements have been seen as less sharp than Labour's.

Saatchi's role has been the focus for tension between Mr Norman Tebbit, the party chairman, and his aides, and Mrs Thatcher and Lord Young, the Employment Secretary, who was put into Central Office by her shortly before the election.

The Alliance campaign has also come in for considerable criticism from its own supporters.

They have argued that it has lacked coherence, direction and passion. There has been little cutting edge, with the radical proposals on constitutional reform in the background since the start of the campaign.

The Ask-the-Alliance question

and answer sessions and the performance of Mr David Steel, the Liberal leader, have appeared lacklustre on television. There has also been internal criticism of SDP leader Dr David Owen's reluctance to attack Labour during the first week of the campaign.

Tactics have changed in the past week, with sharper attacks, particularly on Labour, and some excitement injected at televised public meetings where Dr Owen has been heckled (the rallies of the Tories and Labour are all-ticket affairs for supporters).

The Alliance also remains hopeful of doing well in several of its target seats and can cite some constituency polls in support.

The national contest is not yet over. Nearly a fifth of the electorate has already changed its view during the campaign, and further shifts could have a big impact on the balance of opposition parties in the next parliament, if not on the identity of the winner.

Election news, Pages 6 and 7

## India offers talks with Sri Lanka

By Robin Paulley, Asia Editor

INDIA moved swiftly yesterday to try to allay international fears about its rapidly deteriorating relations with Sri Lanka and offered to talk to the Colombo Government next week about ways of solving the dispute.

The conciliatory offer came as Indian diplomats were ordered to try to explain to world leaders that the unauthorised incursion into Sri Lankan air space on Thursday was a humanitarian mission and not an act of aggression. Indian planes under fighter escort parachuted supplies to Tamil in the northern Peninsula of Jaffna.

But no country has publicly supported India's action, which has united other states in the subcontinent against their large and powerful neighbour.

Sri Lanka also went onto the diplomatic offensive yesterday. It complained to the United Nations and called for a special session of the newly-formed South Asian Association for regional Co-operation to discuss India's action.

The foreign ministers of the seven member countries are due to meet in New Delhi next week and there were suggestions last night that Sri Lanka might boycott the meeting.

India's offer yesterday was to discuss the problem with Sri Lanka during the two-day meeting. It is not clear, however, whether India will agree to a special session at which it would be sure to be roundly condemned by all six other members—Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. In any case the group's charter technically forbids its use as a forum for political or bilateral issues.

The dispute centres on the fate of Sri Lanka's minority Tamil population. The Sri Lankan Government ordered the Army into the Jaffna peninsula to break the control of Tamil leaders. This put Mr Suresh

India's attempt to deliver the food and medicines by boat ended in humiliating failure on Wednesday when the boats were turned back to India before entering Sri Lankan waters. The air drop followed the next day.

Battle for hearts and minds, Page 2

## Reagan presses W Germany on reluctance to boost growth

BY STEWART FLEMING, US EDITOR, IN VENICE

PRESIDENT Ronald Reagan yesterday signalled US dissatisfaction with West Germany's reluctance to take further steps to stimulate its economic growth.

"The economy is slowing in Germany and that slows growth across Western Europe," he said.

Mr Reagan's remarks, in a television speech broadcast internationally on the eve of next week's economic summit in Venice, suggests that Washington is renewing efforts to persuade West Germany to take action in the wake of last week's reports of a decline in the country's gross national product over the first quarter of the year.

West German officials attending the summit are likely to react badly to what they may see as a heavy-handed US manoeuvre and one which could have an adverse effect on the D-mark.

Ironically, the move comes

only a day after the President praised the West German Government for its decision to support the "double zero" option for the elimination of medium and short-range missiles in Europe.

The President's comments on German economic policy contrasted with the absence of any similar expressions of dissatisfaction about Japan's moves to stimulate its economy. Although these have been publicly welcomed in Washington, they have fallen short of US hopes.

In his speech, President Reagan cited, for the first time, the rapid progress announced in recent months in research into superconductivity—a phenomenon which exists in certain materials at sub-zero temperatures.

The President said the progress would be "like a shot of adrenaline in the world economy, spurring growth and job creation and improving the

quality of life."

Experts agree with President Reagan's assertion that the rapid progress in superconductivity can occur, at the most far-reaching technological breakthrough in decades.

Citing it as evidence of western technological leadership, Mr Reagan contrasted the imaginativeness of western societies with the inflexibility of communist economies.

The President has missed no opportunity in comments and speeches in the run-up to the summit to portray western societies and economies as more dynamic and free.

His aim seems to be to counter Soviet leader Mikhail Gorbachev's growing popularity in Western Europe—something about which US policymakers are deeply concerned.

Outlook worsens for West German jobless, Page 2

## Move on specialist mortgages

By Hugo Dixon

MORGAN GRENPELL and three other British financial institutions have formed a specialist mortgage company, First Mortgage Securities, to operate in Britain's embryonic mortgage-backed securities market.

The securities are bonds issued on the international bond market which use home loans as collateral. Large profits can be made from the business because the mortgage rate is much higher than the interest rate in wholesale financial markets.

The new company will act as a principal, investing its own money, and as an agent arranging the sale of the loans to investors. The other shareholders, apart from Morgan Grenfell, are the Bank of Scotland, GEC Financial Holdings, the electrical group's financial services arm; and Foreign & Colonial Investment Trust, the investment managers' venture capital subsidiary.

Each has paid £5m for a 25 per cent stake, giving the new company capital of £20m. The remaining 10 per cent stake will be held by the company's management, which consists of only Mr Nick Deutsch, its managing director, who was formerly with McKinsey, the management consultants.

The new company has already announced its first client—Sun Alliance, one of Britain's five largest composite insurance companies. It has started marketing £150m in fixed-rate mortgages and is financing them with a short-term facility being arranged by Morgan Grenfell.

The mortgages are being written straight on to the books of First Mortgage Securities 1, a vehicle company designed specially for the purpose. When enough mortgages have been written, FMS1 will issue securities on the bond market. Mr Deutsch said. This is expected to happen some time next year.

Other clients, he indicated, were being discussed. The new FMS will set up a separate vehicle company to hold the home loans and will inject into it some of its own capital.

Although it will not own these vehicles itself—they will belong to a charitable trust—FMS will be able to enjoy most of the profits generated by the interest rate spread between the mortgage rate and money market rates.

Background, Page 4

## CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	
ATA Selection	90 + 12
Arlen	154 + 12
Assoc Book Publishers	450 + 42
Bejam	209 + 7
Berkeley Govett	253 + 10
Burns Anderson	194 + 21
Cable & Wireless	403 + 10
Concentric	228 + 15
Ex-Lands	81 + 8
Harlons & Grosfield	552 + 10
Lea Service	431 + 6
LASMO	265 + 6
London Intl	306 + 22

FALLERS	
Micro Focus	198 - 11
Millicom	200 - 12
Mountleigh	282 - 12
P & O Debt	697 - 7
RMC	968 - 25
Max. C.	190 - 14
Unilever	2313 - 1
United Biscuits	320 - 12
Vantage Secs	230 + 23
Wace	165 + 7
Aspirinall	162 - 13
Boase Massimil	410 - 13
Sound Diffusion	64 - 11

WORLDWIDE WEATHER

C—Cloudy, F—Fair, FG—Fog, H—Hot, R—Rain, S—Sunny, SI—Sleet.

+ Noon GMT temperatures.

Continued from Page 1

## Midland drops card

refused to accept the cards unless they were charged a similar flat fee.

Mr Bob Woodman, chairman of the consortium's committee on cashless shopping, said: "It

(Vector) was a charge card which was inextricably linked to your current account. It meant that, as a current account holder, you did not need to carry a cheque book."

Background, Page 4

## US considers Iran strike Continued from Page 1

pared to strike a ship flying a US flag; or to warn Iran not to deploy the missiles.

The leak that the US was considering an attack appears designed to create uncertainty in Iran about US intentions, to leave the Iranian Government in no doubt about how seriously Washington considers the threat to shipping to be, and to attempt to deter the Iranians from deciding to deploy the weapons.

It might also be aimed at increasing pressure on America's allies to support moves which Washington has launched in the United Nations. These are designed to secure a UN resolution aimed at bringing about a ceasefire in the Gulf, and encouraging a mechanism for enforcing it.

At present, Iran is said to have only a handful of the missiles. Officials say the

first will not be operational until the beginning of July but they add that a further 20 missiles are believed to be on their way to Iran. The US believes Iran has spent about \$700m on the missiles.

On Wednesday Mr Frank Carucci, President Reagan's National Security Adviser, said Iran's acquisition of the Silkworm missiles "adds a new dimension to the threat" to the Kuwaiti ships which Washington is planning to put under an American flag and escort through the Gulf.

He said Washington might have to "add to its military capability" in the Gulf in view of the threat.

Lionel Barber writes from Washington: Admiral William Crowe, chairman of the US Joint Chiefs of Staff, warned yesterday that President Reagan's pledge to keep open the Gulf could lead to more

American casualties, but said that the US Navy was up to the job.

Admiral Crowe told the Senate armed services committee that the US was capable of protecting Kuwaiti tankers and assured friendly Arab states in the region that the US commitment remained.

However, he added: "Of course, there are no absolute guarantees that such an operation will be casualty-free or that Iran will not escalate the sea war, which will present us with further difficult choices."

Admiral Crowe did not say publicly whether the joint chiefs were considering a pre-emptive strike against the Silkworm missiles.

Some private military analysts have cautioned against a pre-emptive attack on the Silkworms.

## THE LEX COLUMN

## ICI swoops on the crop

Having made so clear its strategic interest in agrochemicals ICI has almost bound to have to pay a little over the odds for a seat at the top table. The market patted Unilever on the head—up 105p—for having spotted its negotiating strength and squeezed out a Hanson-like divestment price; while ICI's rise into the depressed US farm economy was given full marks only for vision.

However, ICI is in a perfect position to be making acquisitions for the early 1990s and, in any case, thanks to the centralising forces in agrochemicals and the likelihood that the US will pick up while Europe slips, the deal is less dangerous than it seems. None the less, the exit multiple is unlikely to be much below the low 20s once the less valuable non-agrochemical parts of Stauffer have found new homes; and while some dilution is inevitable in the current year, the cost of rationalisation will probably ensure a negligible boost to earnings in the next.

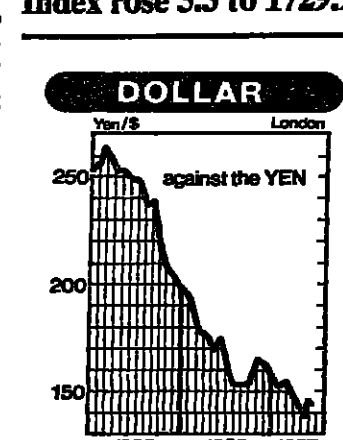
Thereafter the benefits are clear enough even in a persistently sluggish market. With further deals just off-stage, anxieties about the funding of the acquisition—along with US scepticism—knocked the shares. After the full goodwill write-off and before any disposals, the \$1.9bn of debt leaves ICI with gearing over 60 per cent on a simple debt/equity basis or 42 per cent on its preferred debt: total capital employed figure. But taking the latter definition it should soon be back to a level the company can live with.

Currencies

As the world's leaders gather in Venice next week they might ponder the fact that none of their many meetings has done much to stem the slide in the dollar which they originally encouraged. It would be optimistic to expect this summit to do any better. Indeed, there are some good reasons to suggest that the dollar should be allowed to fall further, as Mr Alan Greenspan knew only too well before he was nominated as the next chairman of the US Federal Reserve Board.

The US current account deficit has not yet to show much response in money terms to the new competitiveness provided by the lower exchange rate, as next Friday's trade figures are likely to show. Further falls in the dollar might help but what is needed as well is a

Index rose 5.3 to 1729.9



realignment of demand in the economies on the two sides of the trade imbalance. Dampening US demand is just as important as refuelling Japanese and West German economies. While Japan can make some claim to have fulfilled its earlier agreement by announcing its 1987 package, the German authorities appear unwilling to reflate, and the US has yet to carry out its promise to take action on its budget deficit. In the absence of real economic co-operation the dollar is likely to remain weak.

Sterling has largely been left out of the equation lately, though if Mrs Thatcher can have her picture taken in a canal it might add a touch to the Tory lead in the opinion polls. Thursday's real poll is crucial to the pound's next move, and if there is at least a working majority for the Conservative Party, that will be immediately upwards.

Valor

Little short of transubstantiation will be necessary to fortify the contents of the chalice placed before Valor shareholders. The assumed 28.5p earnings from the new group underlying the prospective p/w of 14 is a test of faith as well as patience. Stripping out of the historic pre-forms combined earnings from 18.5p to nearer 20p, but Valor shareholders may look back with longing to the 24.94p earned last year. They could have done worse: less ambitious pricing would have diluted the mixture

even more. If domestic scepticism prevails, Valor's underwriters expect any shares left on the carpet to disappear westwards like dust into one of NuTone's fancy vacuum-cleaning units.

Australian accounts

The profits made by Australia's corporate empires are typically drawn from a mish-mash of subsidiaries and associates richly laced with share dealing. A moveable feast of cross-holdings between many quoted arms of the same group adds a further layer of complexity. Rules from the National Companies and Securities Commission for equity accounting are therefore to be welcomed. For Adelaide Steamship, Bell and IEL this should mean that contributions from David Jones, BHP and Woolworths respectively cannot appear in their operating profits or balance-sheets. Colour supplements containing equity-accounted figures will certainly be sent out along with slimmed down accounts, but these should tell the market more about the associates.

A day before the edict Ad-Stream made a restructuring move of its own. Its equity accounts retailer David Jones—of which it owned 49.9 per cent until Wednesday—and David Jones takes in 32.5 per cent of Ad-Stream. Ron Brierley and associates have now taken a few per cent of David Jones in to care, so that there is no risk of a paternity claim, while Mr Spalvin realises profits by shuffling assets further down the ownership chain. Clearly it is not yet a brave new world.

Chinese bonds

For all the talk about strengthening friendly relations between the UK and China, the settlement of outstanding claims each held against the other looks a small price for China to pay to regain access to the sterling bond markets. It would still have to offer quite a margin over gilt-edged yields to overcome investors' qualms, and any new bonds will probably be aimed at professional investors. But China can now take advantage of the flood of foreign money supposedly coming to the UK bond markets making sterling debt even cheaper. Even so the State of Mississippi, one of the few remaining bond defaulters, may not be quite ready to follow China's example.

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## The final analysis

Antony Thorncroft examines the role of opinion pollsters and explains how they come up with their figures

SOME TIME on Thursday evening, well before the polling booths close and the votes are gathered together for counting, Graham Dosssett of research company Gallup will phone the BBC and tell it the results of the 1987 General Election in time for its 8 o'clock news bulletin.

Of course Dosssett will not stake his life on the correctness of his information. The opinion pollsters are unanimous in hammering home the point that they never make forecasts; they just take snapshots of the voting intentions of the public at a given moment.

But since the Gallup poll is a large one, covering 4,500 interviews conducted during Wednesday and Thursday, and will include quizzing people who have already cast their vote, Gallup, like the other polling organisations, will be amazed if it has not come up with the right result. Only if it is a very close-run thing between the parties is there the chance of error.

If there is the likelihood of a dead heat then the public will have to wait another hour, until ITN's News at Ten, for the verdict. ITN has commissioned Harris to question 15,000 voters as they leave the polling booths, which completely eliminates the possibility of an upset. The days when you had to sit transfixed before the television set until the early hours of the morning, waiting for those key marginals like the Preston constituencies and Dudley to report their conclusive results, have gone for ever. The opinion pollsters have removed the uncertainties—and the fun—from the election night and we can all go to bed early.

Such expertise has not made the opinion pollsters very popular with politicians. One Labour MP, Ray Powell, recently mustered considerable support among his party colleagues for a Parliamentary Bill that would ban the publication of polling data. He believed it influenced the voting intentions of the electorate, particularly in close elections, persuading it to vote tactically, and perhaps for its second choice candidate, just to oust the chances of its least favourite. Why voters should not enjoy the privilege of such a choice was never satisfactorily explained.

Publication of polls would not stop the leaking of information by the parties, or City insiders, if it suited their interests. All politicians are obsessed by polls. Gordon Heath of Gallup says the political parties spend more than the media on publication of polls. He says Roy Hattersley summed up the politicians' attitude early in this campaign, when the polls started to move in Labour's favour: "It is our policy not to comment on opinion polls; but we might start quoting them."

The polls attract so much interest,

and abuse, because their record in recent elections has been excellent. In the 1983 General Election Mori was spot on and the other four leading polling organisations, Harris, Gallup, NOP and Marplan were all within 2 per cent of the final result—a better performance than they ever claim to be able to achieve. The general consensus is that in the statistical science of polling, and using a quota sample of 1,000 interviews, which is the norm, the results should be accurate to within 3 to 4 per cent.

In 1974 the opinion pollsters maintain that they got it right—but the political system got it wrong. They forecast a narrow Conservative victory but while the Tories picked up a slight majority of the votes Labour secured more seats. In 1970—with the exception of Opinion Research—they got it wrong by making an elementary mistake which they have never repeated: they finished polling too soon and failed to pick up a last-minute swing to the Conservatives. Opinion Research's good fortune in being last to go into the field reaped long-term benefits. The company gained prestige, clients, and a takeover bid from Harris, an American-owned research firm, which in this election has captured a head share of the polling business, working for 10 major media clients as well as for the Conservative Party.

While their research for newspapers and television is the most visible sign of pollsters at work (perhaps too visible for, with around a hundred polls during this campaign, overkill is threatening to set in) the most influential is certainly the assignments they undertake for the political parties. On the findings the leaders decide which issues to pursue and thus not only their battle lines.

When Neil Kinnock attacked the Government's record on crime last week he was reacting to the latest research findings from MORI, which showed crime to be an increasing concern to the voters. In the event, the Conservatives hit back by bombing in on defence which the pollsters have long revealed to be Labour's weakest ground. Every morning at six John Harvey of Harris goes to Tory Central Office in Smith Square to brief the campaign managers, and in particular Norman Tobitt, with the latest research findings. If there is an important shift in data he gets an audience with the Prime Minister. Gallup, too, numbers the Conservative Party among its clients.

Mr Kinnock takes research even more seriously, having long sessions with Bob

Worcester of MORI. The Alliance strapped for funds, cannot afford many private polls. To question a sample of 1,000, in a simple poll, costs around £5,000. More detailed surveys, especially those aimed at marginal groups or in individual constituencies, can cost much more.

The unguarded remark, the uncontrollable news event, an impressive party political broadcast, provide the superficial gloss to the election campaign but the underlying strategy of the parties is based on research about the public's attitude to the various leading issues gathered by pollsters over the years. The most remarkable feature of this election so far has been the consistency of the polls—they have all settled down in happy agreement, with the differences between them well within the accepted margin of error. This is in contrast to the volatility apparent in the pre-election period.

There is a reason for this harmony—and one that has greatly upset the Alliance parties. Gallup interviewers used to ask people their voting intentions after they had questioned them about their attitude to the various party leaders. As a consequence, the good standing of Messrs Owen and Steel produced a boost in the voting intentions for the Alliance; hence the poll just before the election campaign which showed the Alliance ahead of Labour. Now Gallup follows the other polls and puts the voting intention on top of the list. The Alliance share has fallen but the pollsters are in rough agreement.

So far there has been an absence of the pollsters' great dread—a rogue set of statistics. They have all got things wrong in the past in a single poll. Gallup had its nasty experience in January when it suggested a 5 per cent lead for Labour while the other pollsters showed the Tories ahead. It is now agreed that collecting the data while the country was in the grip of snow and asking fewer than 1,000 people produced a rogue result.

MORI came unstuck at the Brecon by-election of 1985 when it pointed to a

Labour win. Its interviewers were drafted into a remote constituency and concentrated their questions on voters living in the accessible villages rather than face the arduous tracks to outlying farms, where the Alliance vote concentrated. Rogue polls only matter because of the ignorance of the public—the Gallup findings lopped two cents off the value of sterling.

The pollsters are bemused by the jitters in the City over the findings of individual polls. They are used to constant phone calls, from stockbrokers in particular, anxious to pay for advance information. In the event, rarely more than two executives in a polling company have access to the data. The interviewers phone through the research information to a band of telephoneists who feed it directly on to a computer. Bob Worcester reckons he gets the results on his desk top visual display unit within 12 minutes. Then it is sped around to the media clients (with the pollsters interpreting the findings) in time for first editions, although usually the results are released for the television evening news bulletins to ensure a promotional plug for the newspaper.

While the politicians pore over the daily findings and worry if their support among trade unionists or the black middle class has slipped, and the City has hysterics if Labour shows a marginal rise well within the accepted margin of polling error, the men who run the research companies involved take a relaxed view of their brief flash of fame.

They are able to answer most questions with statistical facts. Do the polls influence voting intentions? Hardly at all: research reports that only around 4 per cent of voters admit to being influenced by polls in their choice of candidate, and, rather than leaping on a bandwagon, all the evidence of the 1983 General Election suggests that there is a slight underdog factor, voters switching to the apparent loser in order to clip the wings of the predicted victor.

But what of the marginal constituencies with tight, three-party, races:

doesn't a poll help tactical voters? Yes, but (and here the poll operator reaches for his files) the latest research suggests that the proportion of the electorate that even thinks of voting tactically has fallen from 30 per cent to 25 per cent, and is now in sharper decline. And, anyway, only around 40 per cent of the people living in marginals are aware of the fact that they wield such power.

In theory, the spate of constituency polls during the campaign should spread the knowledge wider, but, in practice, to cut down on the cost, constituency polls are often based on samples of less than 1,000, and are fallible. Anyway the public likes polls—only 29 per cent wants to ban them, roughly the same group that wants also to ban party political broadcasts, which should give anti-political MPs pause for thought.

And what about a poll of the polling companies; how would they compare? In practice there is little to choose between them. The methodology has become routine, and although these days they all have their own field forces (in the past they might have bought out the service from a specialist company) their interviewers (mainly middle class, middle-aged women after pin money, of around £35 for a five-hour day) often work for more than one field force. They have learned the pitfalls of stretching the interviewing over too long a period; prefacing the political questions with more mundane queries; using inexperienced interviewers; and of not insisting on preparing their own commentary on the results for their client.

The Big Five are among the larger market research companies and regard themselves as rather brave in undertaking the political assignments. As Nick Sparrow of Marplan says "This is the only part of market research where somebody comes along and takes a census to see whether you have been right or wrong." They do it mainly for public relations reasons—it gets their name better known and they are more likely to be asked to pitch for the more lucrative commercial research work.

But, if on Friday, they are seen to have made a hash of things the phone can stop ringing quite quickly. It is noticeable that only one sizeable research company has entered the fray at this election—Audience Selection, an AGB subsidiary which has conducted telephone polls for The Sun. The experience of RSL, a respected research company which got involved at a past

general election and produced a rogue poll as its first effort, has not been forgotten.

There is also little profit in political opinion polling. As in most research, there is great potential for under-cutting on price. If, like Harris and MORI, you can work for numerous clients, and add in the more costly constituency polls, or investigations into specialist groups, like the ethnic community, or Scotland, the turnover can build up, and both these companies have exploited their reputation in political polling to build up a specialisation in social and economic research, which accounts for around 30 per cent of their turnover. Harris even lured away a leading political guru, Dr Robert Waller of Oxford University, to head its team in this election.

It is a very small part of their turnover, accounting for little over £5m, even in an election year, out of an industry turnover of £220m. But it brings what is inherently a retiring and rather mundane business into the limelight. The interviewers welcome the opportunity to put the frighteners on politicians with the results of their surveys rather than processing yet another sample of housewives on what aroma they prefer on a new soap, or what financial journalists think of the corporate reputation of XYZ.

If there is some disagreement over the accuracy of the results of the polls, it is unanimity about the accuracy of their own forecasts, never forgetting the margin of error of just over 3 per cent on a 1,000 sample (nearer 2 per cent on a poll of 1,500, and the samples will grow larger as Thursday approaches). Bob Worcester speaks for them all when he says, "I would be astonished if we were not within 3 per cent of the share of the poll of the three parties; I would be disappointed if we were not within 2 per cent; I would be pleased if we were within 1 per cent—and I would be astonished if we were spot on."

The opinion pollsters also agree that they do not make forecasts, not with their figures, or personally. John Barter admits "I've never known what's going to happen during a campaign. I think we underestimate the degree to which people change their minds."

But Bob Worcester, justifying his reputation as the public face of the pollsters, the man who always ends up on the television screen or the radio explaining what polls can and cannot do, ten days ago risked a prediction: "The polls will narrow between Conservative and Labour as the election approaches. Then in the final days there will be a swing towards the leading party as the voters react against the idea of a hung Parliament."

The electorate does not like hung Parliaments: the polls say so.

## The Long View

## That's the way the money goes

REGULAR readers must by now know that I have a rather sceptical view of efficient market theory—the theory which holds that since everything known about a company, or about the whole economy, is already reflected in the market price, a portfolio can only beat the index through sheer luck. It sounds plausible; but it is also a wonderful alibi for portfolio managers.

It has a good deal of academic support. It is true: even the Bank of England gives it some tacit support when it argues, in the study I discussed a fortnight ago, that fund managers are forced into short-termism by "unreasonable" demands from trustees that they should consistently appear somewhere near the top of the league table.

That is only unreasonable if there is, in fact, no such thing as a skilled portfolio manager, as the theory argues. The evidence does not seem to support this. The league tables for unit trusts show that, contrary to the theory, the different managements do on the whole perform very consistently.

The same half dozen or so names, some famous and some relatively unknown, appear at the top of the league whether you look back a year, two years, five or even ten years. Equally the same names, including some household names in insurance and banking, appear equally consistently among the duds. Before your mouth begins to water, I had better say that I am not going to name names. This is not a matter of being roach-mouthed, but of fairness. There are technical traps in measuring unit trust performance; the batting order can change quite remarkably if you choose a different closing date, for example.

The Bank of England has told us how professional money managers behave—but how do they perform? Even worse than Anthony Harris had feared—although it could be the fault of their clients

What follows is based on just one performance index, that calculated by *Planned Savings*; and while this is carefully worked out, I do not think it would be fair to award gold cups or wooden spoons without studying all the rival measures. Some of the names would probably change; the general conclusions would not.

They are pretty depressing. If you look, for instance, at UK general funds, we find that in 1986 fewer than half the funds



listed (89 out of 93) beat the FT All-Share Index. That is on an offer-price to offer-price basis, and takes no account of the fact that the people who actually bought the units lost about a twentieth of their money in front-end fees. The picture over five years is much the same. This time 28 out of 69 funds managed to beat the index. What is more, when they try harder, they do a little worse. Only 28 out of 72 growth funds, managed for

capital appreciation, did better than a pin.

When they are not trying, they do much better. Over the five years to the end of 1986 no fewer than 50 out of 66 income funds beat the index, and half of them by 15 per cent or better. In other words, if you are interested only in capital growth, income funds can almost be picked at random.

A crude might suggest that high income recovery stocks often do outperform the market—the strategy that William Rees Mogg attributed to his character Lord Ott. He would still conclude that the managers show no skill at all; but this is necessarily fair. The trouble may lie not so much with the managers as with you, the investment public. Unit trust investors seem to have acquired some rather bad habits in the 1980s, buying as the bull market advanced. As a result, the managers had to put in more money at high prices than at low ones. In the 1970s, on the other hand, the average investor was much cannier, buying at the bottom and selling near the top. This cannaess gave a flattering picture of the skills of the managers.

This fact may also go some way to explain why some small, little-known managements perform so well. They appeal to a sophisticated and loyal public. It is the big household names which are most at the mercy of bandwagon instincts inspired, perhaps, by headlines and television bulletins. Equally, the income trusts, which do not on the whole appeal to those who like a gamble, may well attract less fashion-conscious subscribers. There is some confirmation of this analysis in the really appalling performance of the international unit trusts. Here

the managers are operating in markets which they know less well than the London market; and their clients—even the sophisticated ones—may need to see reports of a boom in Tokyo or Milan before they take an interest. By that time it is usually too late.

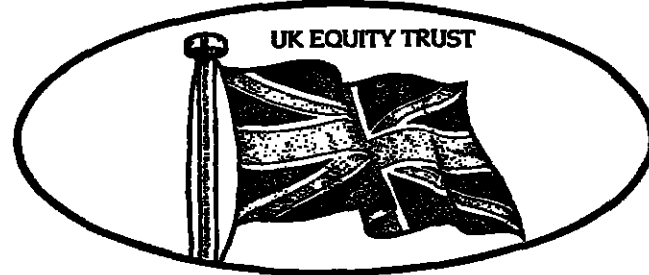
The result is that only 24 out of its 115 international unit trusts matched the international index in 1986, and only five out of 61 over the five-year stretch. Simple bad management could hardly explain a performance so spectacularly worse than a random selection.

Remember that you have to pay a 5 per cent entry-fee to get your share of this under-performance, and you may well decide to give up managed investment altogether. But this would be quite the wrong conclusion, if the tables I have consulted are not in some way the result of perverse luck.

You should avoid picking a unit trust at random, unless it is an income trust, and you should probably avoid the big general trusts run by household names—you are too much at the mercy of other people's bad timing. In short, you must do some solid research.

You could, of course, wait until someone comes along to offer an index trust, guaranteed to match the average. This looks such an uninspiring objective that it would be difficult to write an inspiring advertisement; but it would perform much better than the average unit trust. One promoter in the US has been bold enough to offer a mutual fund of this kind, which appears to mean that you pay your front end fee and then sleep easy; but I'm not so sure. If his clients have had timing, he will be in trouble—unless he shuts off the supply.

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## MARKETS

## The Volcker enigma

PAUL VOLCKER, chairman of the Federal Reserve Board, has long been viewed as a demi-god by economic commentators and politicians around the world. But somewhere in his making there must surely remain the vestiges of an ordinary mortal sinner; and if there is even a trace of plain human vanity in Volcker, he must have felt at least a pang of disappointment on Tuesday after announcing his decision to step down.

Since Volcker has always been more sceptical about his own powers and wisdom than most of his admirers, he is unlikely to regret the loss of his two semi-official titles—"helmsman of the world economy" and "second most powerful man in America." But Volcker must surely have reflected, if only for a few moments, on the amazing lack of gravity and sentimentality displayed by the financial markets.

Nobody could possibly have imagined a few weeks ago that the Dow Jones Industrial Average would close 42 points higher, and that the Tokyo and London stock markets would hit new records, on the day after Volcker bowed out.

Who would have thought that the Dow would show a drop of only 20 points at its lowest point, just after the news from Washington came across the wires? Or that the Dow's losses would be retracted in less than an hour? Or that the total trading volume on Wall Street would average only 150m shares in three

days after Volcker announced his departure?

Dealers could hardly have been less impressed if the man leaving were chairman of the Stock Exchange catering committee. Admittedly, the dollar and the US bond market suffered some nasty setbacks on Tuesday as news of Volcker's departure flashed around the world. But even in these markets, it took less than 24 hours for investors to regain their composure.

By Wednesday it was business as usual, and by Thursday the dollar had bounced back

## Wall Street

above its level of a week earlier against the D-Mark and the yen.

The lack of reaction might have been understandable if Volcker's going had been widely forecast or leaked. The overwhelming majority of analysts thought he would be offered reappointment when his term expired in August.

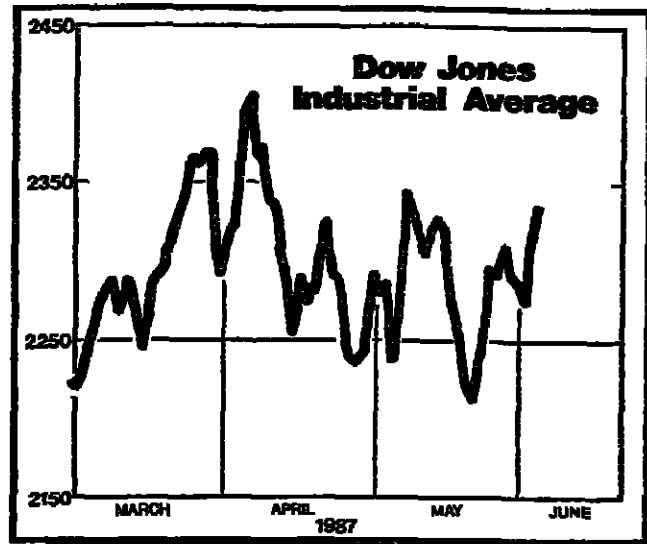
People claiming to be friends and confidantes of the Fed chairman almost invariably suggested he would continue in the job if asked to do so, despite the temptation of multi-million dollar offers which would flow in from Wall Street the moment he retired. Thus, it is impossible to suggest that the markets had already discounted the likelihood of his departure.

To make matters worse, there were strong hints in the speculative stories which started flowing from Washington on Tuesday that Volcker's decision was not a purely personal matter. There seemed to have been terms on which he might have been prepared to accept reappointment, but President Reagan was evidently not willing to offer them.

The world might never know if Volcker actually did lay down conditions for staying and what these conditions might have been. The Washington gossip centred on the possibility that he asked for serious action, including tax increases, to cut the budget deficit. An alternative theory was that he simply demanded firm and open-ended guarantees of support for Fed monetary policy in the coming election year.

Regardless of the plausibility or otherwise of such speculation, the markets could all too easily have been spooked even by the hint of a policy disagreement contained in the comment which Volcker made twice during Tuesday's press conference. There were no differences of opinion "on any issue of monetary policy at the moment," he said.

Volcker is a virtuoso of ambiguity and understatement. No public figure in the world understands more clearly that words unspoken can echo far more loudly than the most stentorian speech. It is hard to resist the conclusion, therefore, that some differences of



opinion between himself and the White House did exist.

Part of the markets' extraordinary indifference to Volcker's departure is, of course, a tribute to Alan Greenspan, who will be taking over at the Fed in August. But this, too, is somewhat surprising as a public figure dates back to his stint at chief economic adviser to President Ford from 1974 to 1976.

This was a period which few investors consider to have been the heyday of US policy-making.

Greenspan's standing as a private economic consultant depends in part on his outspokenly bearish views about the dollar—views which he was forcefully repeating as recently

as Wednesday last week when he reportedly told an investors' meeting in Chicago that a further substantial fall in the dollar was "inevitable."

It seems, then, that there is only one convincing answer to the mystery of how the financial markets around the world can go on rising without Paul Volcker's broad shoulder to rise on.

Prices go up because there are more buyers than sellers.

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Anatole Kaletsky

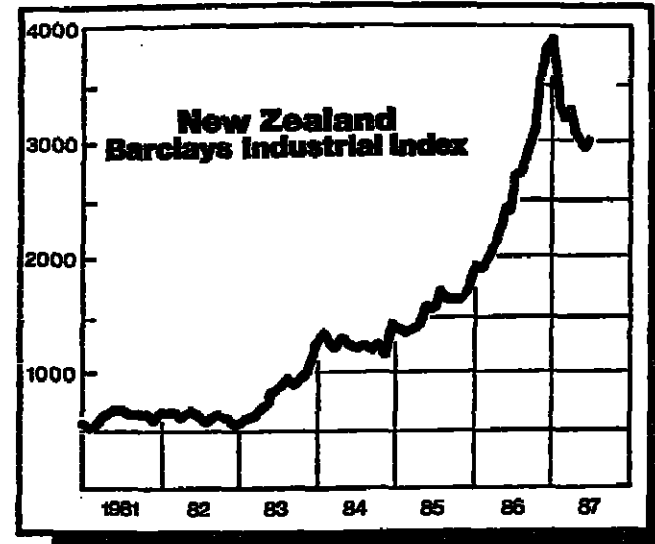
## Boom and bust

THE New Zealand share market, which soared to giddy heights last year, is still performing spectacularly—but mostly in the opposite direction. The Barclays Index peaked last November at 3,512. But after the Christmas shut-down, which lasted twice as long as usual to help brokers clear the paper backlog, the market reopened on a weak note and the downturn gradually accelerated.

By late April, the index was just above the 3,000 mark. On May 18, there was the biggest one-day fall in history, with a loss of 174 points cutting the index to 2,813 and wiping billions of NZ dollars off share prices.

There was panic selling by thousands of small investors, who had played an important part in the market's meteoric rise during the previous two years but had been made nervous by the decline since the beginning of the year. The final straw was a combination of several bearish news announcements and the recommendation by an influential share tip sheet—the "A Letter"—which advised its clients to quit all NZ stocks.

After this debacle, the market



was left showing a decline of 28 per cent from the November peak. Since then it has continued to fluctuate nervously, with recoveries in share prices being largely eroded by further selling (although there has been a firmer tendency in the past week or so).

Some shares have dropped by as much as 72 per cent, while declines of 50 per cent and above are quite common. Stockbrokers argue that the shares of many leading companies are now at bargain price levels but, so far, limited buying by some institutions and big private investors has failed to restore confidence.

The role of small private investors has been something of a phenomenon in New Zealand during the past four years. The outstanding success of a few big investment companies, led by Brierley Investments, focused attention on the share market and attracted thousands of people who had never dabbled before.

They were greatly encouraged by its performance. In the five years up to the end of 1986, it gave investors the best return in the world. The average rate of return on NZ shares during that period was 41.9 per cent a year. This compared with 26.5 in the UK, 16.3 in Japan, 14.4 in the US, 12.8 in Hong Kong and 9.9 in Australia.

In 1983, when both property and investment companies boomed on the NZ stock market, the rate of return was a staggering 119.4 per cent. Everyone, from housewives to university students, climbed on the band wagon and became regular investors.

For many, share dealing replaced betting on the horses, with the added attraction that there appeared to be only winners on the stock market. This led to the creation of thousands of investor groups—made up of 10 or 12 friends or

work colleagues contributing a weekly sum. Members met regularly to discuss which shares to buy.

The amount contributed by individual members was usually small—\$NZ 50 was an average. But collectively, multiplied by the thousands of clubs formed, it made a sizeable amount of money going into the share market each month.

Many fortunes were made in this way—at least on paper. This was fine while the market continued to rise and rise. But as soon as values started to decline, small shareholders—some of whom had borrowed

## New Zealand

money to invest—became nervous, since they could not afford big losses, and decided to sell.

A further encouragement to get out of the market was provided by NZ interest rates remaining stubbornly high. One year deposits can earn 21 to 22 per cent; short-term loans up to 25 per cent; and three to five year government bonds pay 17 per cent. Many investors decided to take their money out of shares and put it into more reliable fixed interest instruments with a high guaranteed return.

The irony is that the slump in the stock market has come just at a time when all the economic indicators for the country have turned up, indicating a brighter outlook.

Few brokers or analysts now are prepared to predict when prices will settle down or level off. What is certain is that many of the small investors, facing losses after the boom period, are unlikely to come back into the market for some time, if ever.

Dai Hayward

## Nevada goes for gold

GOLD SHARES rose so much faster than the bullion price earlier this year that even stockbrokers keen on gold started warning their clients to watch out for a fall.

In the event, shares have come back by nearly 30 per cent since their peak at the end of April, compared with a modest decline of less than 10 per cent in bullion.

This is as it should be—gold companies' profits on average go up by 82 for every \$1 increase in the gold price, so the shares are more volatile than the metal.

The setback has, however, prompted City analysts once more to start looking for likely stocks to buy.

The desert state of Nevada, in the western US, is one of the regions attracting the most attention. Nevada was first mined by the 19th century pioneers. Between 1850 and 1950, some 8,25m ounces of gold and 192m ounces of silver were extracted from the arid country.

Modern miners have concentrated elsewhere on the areas immediately surrounding the old workings, looking for low-grade surface ore that can be processed only with the help of leaching—a newly-developed method in which the ore is extracted by pouring water-borne chemicals over crushed ore.

Newmont Mining, which has since floated its assets as Newmont Gold, led the way with the Carlin mine built in the 1970s and followed this up with the discovery of nearby Gold Quarry, where at the latest count there are 197.8m ounces of proven and probable reserves at 0.042 ounces of gold per short (American) ton. This is some 67 per cent of Newmont Gold's total reserves.

For the first time, FMC Corporation, the Chicago chemicals-based conglomerate, is joining the bandwagon of companies which have floated off gold subsidiaries. It is selling 11 per cent of FMC Gold, or 7m shares.

## Mining

half of which will be sold outside the US.

The company, which had 224,500 ounces of gold production, plus 1m ounces of silver in 1986, has stakes in two Nevada mines. It has 30 per cent of Jerritt Canyon, where Freeport Gold has 70 per cent and is the operator, and 100 per cent of Paradise Peak. In both cases, FMC found the gold in the first place—which is a good recommendation for its exploration skills.

Consolidated Goldfields, which has been more successful than most US groups looking for gold in America, has a first-rate Nevada property—Chimney Creek, which comes on stream next year. But investors looking to invest in Nevada per se might be better off considering Battle Mountain, which runs Fortitude; at 260,000 ounces a year, this is the third-largest US mine.

However, the most exciting recent Nevada news has come from American Barrick Resources, the group which caused a flutter buying shares in Consolidated Gold Fields. Barrick has struck gold deep underground at Goldstrike in northern Nevada. Test drill reports of 0.3 ounces per ton set the markets buzzing.

Stefan Wagstyl



## Which PENNY SHARES look set to rise from 6th July 1987?

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## Lucy Kellaway checks on British Gas shares

# Wake up to pay up

THOSE SLEEPY investors who wonder why their British Gas shares, which were worth 118p at the beginning of the week, were worth about 180p by the end, had better wake up. From last Monday the share price included the second instalment of 45p, due to be paid by 3 pm this Monday at the latest. Shareholders who do not get their money in on time stand to be severely punished—perhaps losing their shares, their dividends and all their shareholders' perks. Judging from the Government's decision to publish last-minute advertisements in tomorrow's papers, many stragglers may be at risk. However, the vast majority of the 3.1m investors in British Gas are well aware that the time has come for the second instalment, and most have decided to meet the demand for an extra 45p a share. There has been no rush of selling—nearly all of the 1m investors who have bailed out since the flotation

did so almost at once, cashing in on a slightly disappointing windfall of about 12-20p a share. Indeed the payment of the second slice of the shares if anything did British Gas shares some good last week. It prompted a flurry of brokers' circulars, nearly all of which concluded that the company was undervalued.

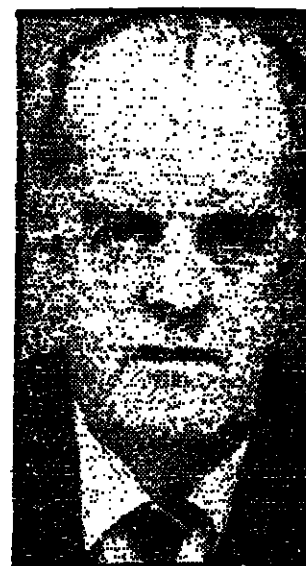
Since the flotation last November the shares on a fully paid basis have only just kept pace with the market. There has been a distinct shortage of news from the company since the flotation. The view of the no-nonsense chairman Sir Denis Rooke that privatisation would not change the company one jot, seems to have been borne out.

British Gas was not sold as a go-go stock, so if it manages to track a sharply rising stock market, shareholders perhaps should not complain. However, until last week's rally, the shares had been dreary when

compared to the high time that the oil sector has been having. The prices of BP and Shell (which the Government took into account when fixing the British Gas price) have risen by about 30 per cent so far this year.

Although British Gas is naturally less affected by the rise in the oil price than the oil majors, it will nevertheless feel some benefit as higher oil prices trickle through to higher gas prices. Most brokers are expecting British Gas results, due later this month, to be comfortably higher than the forecast made at the time of the flotation.

Over the next few days the election may prove more important for the shares than the prospect of good results. The promise of a return to some form of social ownership under a Labour government — which would probably mean that British Gas shares were replaced by non-voting securities



Sir Denis Rooke

— makes the shares a good punt on the outcome of the election. However, it seems that foreign investors, in particular, are taking no chances on the opinion polls. So if the Conservatives win the election by this time next week the Japanese may have rediscovered their appetite for British Gas shares.

## Alan Pike goes down among the fund-raisers

# Charity suffereth long

THE BOOK of Common Prayer may tell us that all our doings without charity are worth nothing, but a report from the National Audit Office could leave some people with the impression that all our doings for charity are worth nothing. St Paul's comforting assurance that charity never faileth cannot be extended to large numbers of charities. Many regularly faileth to submit accounts, notify address changes to the authorities and operate in an efficient, businesslike way. Such generalisations cannot be applied to Britain's larger charities, some of which have management structures and financial controls to equal those in the commercial sector. But the National Audit Office's suggestion that charities are not adequately monitored and controlled comes at a sensitive time. They already collect and spend more than £10bn a year. With the introduction, two months ago, of a Government

scheme giving tax relief on payroll donations to charity, they are hoping to increase this sum. The task will be made more difficult if donors are worried about how their money is handled.

Much of the concern and confusion about charities arises from public misunderstandings about the powers of the Charity Commission, and the status of the register. The National Audit Office found its register unreliable and out of date. What is not always recognised is that the register, regardless of its quality, is not a list of approved or vetted charities to which the public may contribute with confidence.

The charity commissioners, acting in a legal capacity, are required to register institutions whose objectives fulfil the law's requirements as being charitable. They do not test the worthiness or likely efficiency of an organisation. Changing this state of affairs is not as simple as it might

appear tempting to do so. A more selective system of registration could quickly involve political judgments about the appropriateness of particular charitable objectives.

The commissioners have themselves suggested possible ways of tightening the system, while maintaining Britain's tradition of independent charities. One way would be to have a period of initial probationary registration, during which new charities would have to show that they were fulfilling their declared objectives. Another would be to allow the commissioners to suspend or remove charities from the register if they were improperly administered, and distribute their property to other charities.

Under the 1966 Finance Act the commissioners have been given new powers to investigate the possible misuse of charitable funds when complaints are referred to them by the Inland Revenue—although the commissioners who, as the National Audit Office report acknowledges, have long suffered from staffing constraints, stress that they do not have the resources to go out seeking abuses.

A working party set up by the National Council for Voluntary Organisations (NCVO) recently completed an investigation into fund-raising which suggests that malpractice is not widespread.

It did, however, identify some areas where it believes action is required. These include the ability of professional fund-raisers to retain excessive income for their work; aggressive or emotional fund-raising methods; the inability of charities to control the use of their names by fund-raisers; and offering goods for sale on the basis that an unstated proportion of the proceeds will go to charity.

## Long hop

WHATEVER NEXT? After a little dragons and crusaders, the Thornton group is naming its latest fund the Kangaroo unit trust.

No prizes for guessing that the trust to be launched on Monday will specialise in Australian stocks although up to 10 per cent may go into New Zealand equities.

In spite of the poor performance (from the UK investors point of view) of many Australian funds during the past few years, Richard Thornton is confident that there is considerable potential for making money down Under by picking the right stocks. He says other groups have suffered by investing in natural resources companies. Instead, he believes, the real potential is in Australian industrials.

The Thornton group strongly feels that the price of gold is now linked with the right stocks. He says other groups have suffered by investing in natural resources companies. Instead, he believes, the real potential is in Australian industrials.

Following the same theory, Australian industry should benefit from being in Japan's backyard with the rise in the yen cutting back Japanese exports and encouraging them to switch production into neighbouring countries in the Pacific Basin.

Mr Thornton claimed Australia had some of the best entrepreneurial managers in the world. What he did not explain was why so many of them seem so keen to invest their money abroad rather than domestically.

Minimum investment in the Kangaroo Trust is \$500 and the initial offer period will last from June 6 to 24.

John Edwards

## Funds used up

HINTON and Wild has been forced to suspend its Home Cash Plan because it has proved too popular.

Details of this new type of plan enabling elderly people to release capital from their homes were announced at the end of March. The special feature was that homeowners could realise a capital payment on the value of their house and also benefit from any future rise in the value.

Cecil Hinton, designer of the scheme, had intended it to run alongside his existing home income plan. But people seem to prefer capital to income, so

applicants were using the new scheme as an alternative to the income plan.

Hinton and Wild was flooded with applications—7,000 in the first seven weeks. The £5m of funds allocated by Business Mortgages Trust has been used up, so Cecil Hinton has had no alternative but to suspend the scheme.

The scheme is being reviewed by Business Mortgages Trust and Cecil Hinton is also looking for other institutions to provide funds.

Eric Short

## Vintage values

SOTHEBY'S record wine sale in London on Wednesday indicated good news for the consumer. A glut of very fine wines of the past decade has seen prices falling, or at least holding, over the last two years while French producers, particularly in Bordeaux, glumly survey rising stocks. A total of £500,000 was made in the two-part auction, almost double the sum Sotheby's usually expects to raise at one of its eight major wine auctions held annually in London.

But it wasn't all bad news for the merchants: the morning sale of fine and rare vintages reflecting a growing interest in this specialised market and produced some new record prices. David Molyneux-Berry, Sotheby's wine expert, said: "It was a tremendous success."

The top lot was an 1874 bottle of Chateau Lafite, estimated at up to £1,600, which was bought for £420 by an American private buyer. Five bottles of top vintage Lafite made more than £1,000 and an 1859 Chateau Mouton Rothschild sold for £2,200.

While the more fashionable recent wines, including Chateau Latour 1982 and Chateau Haut Brion 1982, performed well in the present market conditions, reaching the top or middle of their estimates of up to £650 a dozen, others like Chateau La Lagune 1982 were selling for about £130 a dozen and several similar lots were left unsold. A dozen bottles of Chateau Beycheville 1982, which sold for up to £200 two years ago, went for £190 on Wednesday.

In this case, though, stagnant prices indicate over-supply rather than poor quality. "Years like 1982 are very special," said Mr Molyneux-Berry. "They're a bit like a bespoke suit—you don't see them that often."

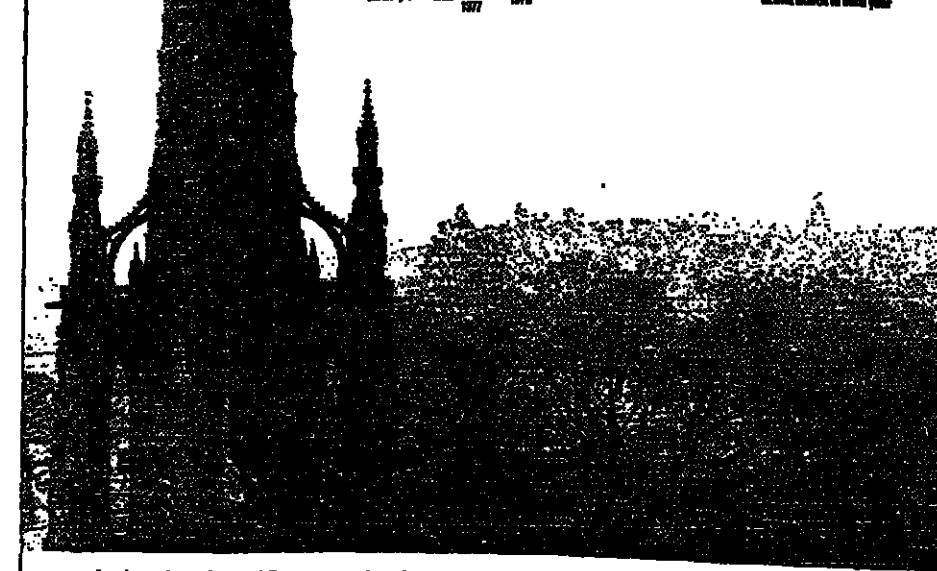
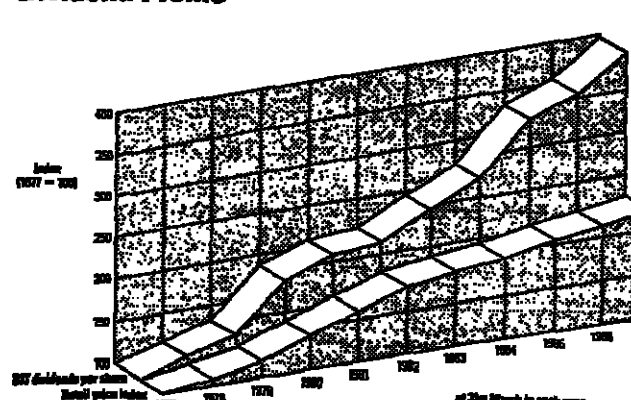
Annalena McAfee

## The British Investment Trust PLC

The British Investment Trust aims to achieve long term capital growth from a portfolio of international investments and secure for shareholders regular increases in dividend which will at least match the rate of inflation.

Highlights of the Year	1987	1986	
Assets	£433,584,000	£357,863,000	+21.2%
Net asset value per share	687p	565p	+21.6%
Revenue	£16,472,000	£14,972,000	+10.0%
Earnings per share	17.27p	15.27p	+13.1%
Dividend per share	17.00p	15.20p	+11.9%

### Dividend Profile



Copies of the Annual Report may be obtained from the Secretary The British Investment Trust PLC, 46 Castle Street, Edinburgh, EH2 3ER, Telephone 031-225 2348.



# Get the best of all worlds with the Liberty All-Star World Equity Portfolio.

### An important new investment opportunity

The Liberty All-Star World Equity Portfolio, incorporated in Luxembourg, will be of significant interest to investors looking to exploit the new opportunities provided by the increasingly global nature of international markets.

But, more than this, the Liberty All-Star World Equity Portfolio is a fund with a major difference. Instead of relying on the skills of just one manager in one country, the fund is managed by six managers in the key markets around the world.

This is true multi-management. This innovative management strategy is overseen by Liberty Asset Management, the Fund advisor, a subsidiary of Liberty Mutual, one of the U.S.A.'s top insurance companies.

The aim of the Fund through this multi-management concept is to provide investors with capital appreciation by consistent, less volatile returns.

### Six minds are better than one

What this means in practice is that in each of the world's three major time zones there is specialist on-the-spot portfolio management.

But, more than this, the multi-manager, multi-region approach is designed to control the probability of long-term capital appreciation is enhanced, by evening out the erratic performances of individual national or regional markets and the effects of

### different management styles.

These portfolio managers are:

- In Europe
  - WARBURG INVESTMENT MANAGEMENT
  - SCHRODER CAPITAL MANAGEMENT
- In the Pacific Basin
  - NOMURA CAPITAL MANAGEMENT
  - JARDINE FLEMING INVESTMENT MANAGEMENT
- In the U.S.A.
  - PHOENIX INVESTMENT COUNSEL
  - NEWBOLD'S ASSET MANAGEMENT

The Liberty All-Star World Equity Portfolio thus offers investors the best of all worlds and a truly global approach. For through this multi-management concept the investment potential of the global marketplace can be best exploited on behalf of the investor.

### Consistency through contrast

Liberty Asset Management have selected these portfolio managers not only for their consistent strong performance and their regional expertise but to follow contrasting investment styles.

Through this combination of styles and the portfolio managers' investments in a spread of stocks, the effects of local market volatility can be minimised and the potential of consistent, balanced returns increased. The portfolio

managers' performance will be closely monitored by the Fund advisor and competitive alternatives found if necessary.

### A product for our time

The Fund has been designed to allow the small investor access to diversified expertise otherwise available only to large institutional investors.

This innovative concept, a true product for our time, is being distributed and backed by Merrill Lynch, one of the world's leading investment banking firms, and a company renowned for its global expertise.

### Send for more information

If you would like to learn more about the Liberty All-Star World Equity Portfolio, we'll be happy to send you a prospectus which more fully details the opportunity of this investment. Minimum investment \$1000.

Please send me more information and a prospectus on the Liberty All-Star World Equity Portfolio.

Name \_\_\_\_\_

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Send to: Mr A. J. Nemeth, "Liberty All-Star," Merrill Lynch Europe Limited, 26 Finsbury Square, London EC2A 1AQ, Tel: 01-382 8883, or your Merrill Lynch Financial Consultant. This offer will be open until July 16 1987, unless subsequently extended.

**Merrill Lynch**

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## Rumour mills

AS A small shareholder in Ladbroke's, I was disturbed recently by the dramatic effect of unfounded rumours on depressing the share price. Fortunately, they seem now to have been refuted and the share price has improved. But where do such rumours start, and how are they spread?

I suspect that some of them originate in the first class sections of trains. I well remember overhearing a conversation about the supposed "troubles" of an alleged "insider dealer" a few days before such information appeared in the media.

Then, there was the time when an accountant was talking to a director of a company which was preparing itself for the USM. It appeared there was a shareholder who could possibly be bought out relatively cheaply, not knowing the company was about to seek a USM quote. The director was carrying a briefcase which

"insider knowledge" could have made me a small fortune. However, the trouble with train gossip is that you never know how much of it is true. Today, with the stock market rather nervous and tending to react to all sorts of rumours, "changes in sentiment" and suchlike, innocent conversations on trains can possibly have remarkable effects.

Insider dealing is illegal, but is acting on an overheard train conversation any different from acting on information provided in a small-circulation share "tip sheet"?

### Not much to opt for

I RESPONDED recently to an advertisement by the Stock Exchange's Options Development Group. I sent it a cheque for £15 and it sent me a video cassette and various booklets about traded options.

I was quite impressed by the size of the profits that can be made in the traded options market. For example, page four of the booklet, "Call Options in Action," displayed an example of a possible profit of 600 per cent in less than three months. Reading all the booklets and watching the video made me even more convinced that dealing in traded options is really just a form of gambling. I was also disappointed to discover that capital gains tax is paid on profits made from traded options, whereas lottery winnings are not taxable.

If, say, I buy a lottery ticket for 10p, with the lottery prizes based on a Wimbledon tennis result, is that any more of a gamble than paying 10p for an option to buy shares in ICI at a specified price within a certain time limit? If the selected Wimbledon players lose, the lottery ticket becomes worthless. Similarly, the option to buy ICI shares becomes worthless if they fall below the option right purchase price.

If I invest in the shares of a company I am helping to maintain the level of its share price, which could help the company if it wishes to issue more of its shares in order to acquire another company. If I invest in a new share issue, I am helping to provide funds for the company to expand.

But what help to a company do I provide by merely purchasing an option possibly to acquire some of its shares? Such trading surely benefits only the "bookies"—the writers



of the options—rather than the companies concerned?

Dealing in traded options in the UK is still a relatively new activity, and I shall probably have a modest gamble. But I still prefer to own shares in companies rather than options.

### Put them on the list

LAST YEAR, FT writer Clive Wolman pointed out the rather poor performance the average fund manager achieved for his clients in return for an annual salary of £50,000 to £100,000.

To his list of overpaid people should now possibly be added certain stockbrokers—the ones who encouraged small investors to deal with them on a cheap "no-frills" basis and then discovered that because they had miscalculated the cost of doing such deals, they had to abandon these services.

Perhaps certain people at Samuel Montagu could also join the list for being unable to ensure that everyone who applied for a Rolls-Royce prospectus received one in good time to apply for shares.

I seem to have fared better than many. I registered my interest with the Rolls-Royce Share Information Office well in advance of the offer, and was sent the March advance glossy brochure along with a note saying I would receive a copy of the prospectus "as soon as it is issued." In the event, the prospectus did not arrive until 9.30 am on May 5—the latest recommended date for applying for shares by post.

Fortunately, I had already applied for shares, using a newspaper application form instead.

Kevin Goldstein-Jackson

## Stars show a rise

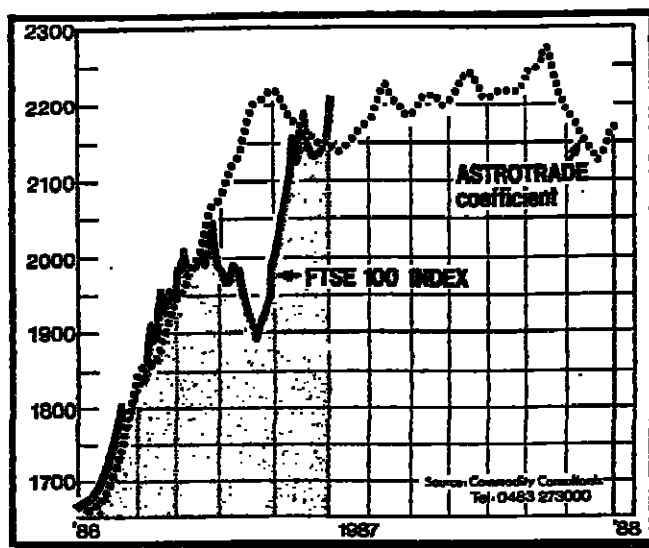
WHAT ARE the prospects, according to the stars, for the stock market during the rest of the year?

Well, back in January when the FTSE index was at 1875, I went on record in the Weekend FT saying that my Astro-trade computer forecast a strong bullish stock market in 1987 with the index going above 2,000 and initial peak rising to over 2,200 by May 11. The level predicted was 2216, which was in fact achieved on May 19.

The only time that the Astro-trade graph departed from its close correlation with the FTSE index this year was during the first 10 working days of April, but values thereafter very rapidly regained their losses to reach the predicted level and come back into line.

It seems that the bull market will continue throughout the summer. Unlike last year where there were strong indications of bearishness, or at best sideways movements, this year shows the Astro-trade coefficients continuing to rise until November but at a slower pace than the early part of the year.

In my January article, I suggested that the strong bull market made it unlikely that Labour would win the election, particularly if the Conservatives chose an early date. I had in mind that the best time would be during April, but Mrs Thatcher announced the date on May 11, one day before the first peak of the coefficients. It showed that the popularity of the Conservative Party would decline somewhat and introduce a note of caution in the market, until after the election, which the Tories will win, albeit with a reduced majority.



If it were possible for Labour to win, the coefficients would show a major collapse, and even the insecurity introduced by a hung Parliament would have an adverse effect on sentiment. The bullishness shown by the coefficients is sufficient indication of a Tory victory.

For those readers who are interested in personal or natal astrology of the more traditional kind, it can be shown that the election day itself favours Margaret Thatcher. Her chart shows a superhuman capacity for dedicated hard work, indicated by the Pluto/Jupiter opposition and the Pluto/Saturn trine. On the day in question the Mars/Mercury conjunction is in exact conjunction with the Pluto of her chart. This, among other factors, gives her an immense advantage.

The general tone of the economic climate this summer is strongly enterprising, creating more self-confidence than usual. One of the causes, the transit of Jupiter through Aries and its relationship with Saturn and Uranus in Sagittarius, is shown in part in the computer analysis of the stock market. The enterprising climate is obviously more likely to bring the Tories to power than Labour, which thrives in times of fear and dependence.

Economic cycles, which I believe are inextricably bound up with cosmic cycles, generate the circumstances which cause some individuals and groups to thrive at the expense of others. I take the view that political leaders are symptoms of the times and not their creators.

Daniel Pallant

## Paradox can pay off

Donald Elkin is surprised that few people know how to turn overseas employment status to tax advantage

NO FEWER than 2m Britons live outside the UK, some in retirement, but most for reasons of employment. While this overall total is roughly constant, the individuals who make it up are continually changing: those returning at the end of their assignments, or on retirement, being replaced by a steady stream of new expatriates.

In most cases, the decision

of these newcomers to work overseas will have been considerably influenced both by the higher salaries available and the likelihood of paying less (or perhaps even no) tax. Consequently, it is somewhat surprising to discover how few are aware of the circumstances in which UK tax is avoided or, later on, how to deal with their new-found wealth.

If your new situation entitles you to favourable tax treatment, it is up to you to claim it. For example, you will escape British tax on your salary (and, in addition, trigger allowances to set off against any other income you may have) if your overseas employment lasts for more than 365 days and your visits to the UK in the course of it exceed neither 62 consecutive days nor one-sixth of the days in the period.

UK non-residence is even more beneficial, because the exemption then extends to all overseas income, to some income arising in the UK (for example, exempt gifts and— for complete years of non-residence—UK building society and deposit interest) and capital gains, too.

But you should not overlook the fact that, for complete years of non-residence, you cease to be entitled to personal reliefs, with the result that any income remaining chargeable to UK tax (British letting profits, say) will be fully taxable.

Mortgage interest payable is treated rather differently. It is always available to reduce profits in the mortgaged property is let.

Furthermore, for any property previously used as your principal residence, you can continue to benefit from MIRAS (Mortgage Interest Relief At Source) provided that the overseas employment is limited to four years, following which you will re-occupy your property. But if your employment is open-ended, or for more than four years, relief will be available only if the property is lived in by your spouse and family for six months or so every year.

Married couples should not assume that if one of them becomes non-resident, the other will too. Obviously if your wife remains in Britain she will not cease to be a UK resident. Nor will she cease to have UK resident status (even if she accompanies you) for any year.



in which she visits Britain when there is a place of abode available for her occupation there, unless she too has full time overseas employment. (It is, of course, perfectly possible for the roles—and thus the treatment—of husband and wife to be reversed.)

Where the two spouses have different residence statuses, the British resident is treated as a single person and, as such, is chargeable to tax on any income and capital gains of his or her own—subject to the usual exemptions (including, if appropriate, the special relief for single parent families). Clearly that person's continuing liability to tax should not be overlooked.

It is, however, a situation which can sometimes be turned to advantage. For example, should British letting profits belong wholly or partly to the UK resident, the personal reliefs then available will reduce or even eliminate the tax.

Somewhat paradoxically, you might find that when the hoped-for financial advantages of working overseas begin to manifest themselves in greater cash resources than you have ever owned before, the sensation produced may be more akin to worry than pleasure. How should this new-found wealth be dealt with?

You may have decided in advance to use your savings to set up a business or buy a house. But if your aim is simply to accumulate capital, you will probably need to take advice sooner or later.

There is no shortage of people willing to invest your money for you, many of whom are skilled and highly reputable. Unfortunately, others may be less so. It is important that you make certain of your adviser's bona fides before you start. Ask if he or she is a stockbroker, a Licensed Dealer in Securities or a member of the Financial Intermediaries' Managers and Brokers Regulatory Association (FIMBRA). Has the adviser got professional indemnity insurance against which you can claim if something goes wrong? Almost as important, does the adviser specialise in expatriates? What may be excellent advice for a UK resident could be entirely inappropriate for you. But having selected your adviser, you must make him or her fully aware of your resources and intentions. For only with this information can your special advantages as an expatriate be applied to the task of achieving your financial objectives.

### South Oxfordshire

The Financial Times is proposing publishing this survey on

FRIDAY JULY 17 1987

For full details contact:

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FINANCIAL TIMES

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Please send me a copy of Duménil's European Investment Bulletin

European Investment Bulletin ☐ Please tick box if you wish to receive this bulletin

Signature: \_\_\_\_\_ (Last applicants must each sign and give full details)

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FT 616

## DUMÉNIL THE EUROPEAN SPECIALIST

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General Information. Acknowledgment will be sent and certificates normally issued within 4 weeks of payment. Unit prices and yields are published daily in leading national newspapers. Units can be sold back to the managers on or less than the current bid price calculated to a formula approved by the Department of Trade. A cheque for the proceeds will be forwarded within 10 days of receipt of the redemption certificate. An initial management charge of 5.25% on the assets (calculated to 1% of the assets) is included in the price of the unit. An initial management charge of 2% (plus VAT) can only be incurred after three months' written notice to the unitholders. The fund's contribution date is 1st March. The first distribution is scheduled for 31st March 1988. Distribution cheques will be despatched to the unitholders registered address together with a copy of the fund's annual report. Income may be reinvested or paid out. The fund does not pay dividends. 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## FINANCE &amp; THE FAMILY

## Payments missed

I would be grateful if you could clarify the position regarding underpayment of amounts conventioned to a parish, with reference to the tax refund due to the parish.

We have instances where parishioners having conventioned for say £100 net per annum, made up of weekly amounts in envelopes, missed some of their weekly contributions for various reasons, and ended up paying £80 one year, and £90 the next year. We did not claim tax relative to the £80 as it was short of the conventioned amount, but it has now been suggested to us that we were wrong, and should have made a claim for £20, ie £80 x 30 over 70. We are presently preparing the claim for the year ended April 5 1987, and would appreciate your advice as to whether we should claim this year on the basis of the £90 paid, to £90 x 30 over 70 = £26.75.

It would have been easier for us to be sure of the legal position if you had sent us a specimen deed, because everything depends upon the precise wording. However, we can probably safely assume that the deeds provide for a weekly payment (on Sundays) of such a sum after deduction of income tax at the basic rate for the year in which the payment falls due shall amount to £2.50, for example. Such a deed (executed before April 5 1985) would bind your parishioner to make 52 payments of £2.50 in 1985-86 and 52 payments of £2.50 in 1986-87 (because there were 53 Sundays in 1986-87).

If the parishioner fell behind with his payments in 1985-86 and actually made 32 payments (totaling £80 net), then the first 20 payments which he made in 1986-87 would be regarded as settling his debt for 1985-86. If he made only 38 payments in 1986-87 (totaling £95 net), then, since the first 20 of them related to the arrears for 1985-86, he would have an outstanding debt of £25.00 at the end of 1986-87, viz 37 weekly payments of £2.50 net. Consequently, the first 37 payments made in 1987-88 will be regarded as settling his debt for 1986-87, and so on. No doubt he will eventually clear his arrears, as the years go by.

As you will see, the operation of the law relating arrears back to the tax year in which they fell due (assuming that the parishioner has sufficient taxed income to cover each year's obligations) will be to the parish's advantage, at a

time of falling rates of income tax. It would be helpful to provide statements of account to parishioners who have fallen behind with their conventioned amounts, showing the gross and net amounts of payments made etc, so that they can put the right figures in the Outgoings sections of their tax returns.

## No need to pay CGT

I am resident abroad (France) and have two houses in the UK. I am remaining abroad for a few more years and wish to sell both properties. One of the houses was our house when we lived in the UK but the other was bought while abroad. Both are let out to tenants at present. I am concerned about the implication of capital gains tax on both properties. Is it true that there is no tax to pay on our current main residence—and if this is true would it be possible to sell our main residence first and then the other house as our main residence (which I have lived in temporarily while preparing for the tenants) before selling it?

If you are neither resident nor ordinarily resident in the UK in any part of the year (ended April 5) in which the sale contracts are made, you will be outside the scope of capital gains tax, since letting property does not constitute a trade. Ask your UK tax inspector for a copy of the free booklet IR20 (1986): Residents and Non-residents—Liability to Tax in the UK.

## Qualified for relief

Some time ago, I thought I read in your column in answer to a letter regarding retirement relief on capital gains tax, that it applies only if 50 per cent of the shares in a family company have been held for 10 years or more. My brother-in-law and myself are partners in a private company. He holds 51 per cent of the shares and I hold 49 per cent. The company was formed about 25 years ago. I spoke to my accountant to clarify the position, and quoting from a reference book,

he said the ruling is, that if 25 per cent of voting shares are held in a family company, that qualifies the holder, ie myself, for retirement relief. Could you please advise me whether the rules have changed, or whether this is the current position?

Your accountant is right, by virtue of section 69(5) of, and paragraph 1(2) of schedule 20 to, the Finance Act 1985: "family company" means, in relation to an individual, a company the voting rights in which are—

(a) as to not less than 25 per cent, exercisable by the individual, or as to more than 50 per cent, exercisable by the individual or a member of his family and, as to not less than 5 per cent, exercisable by the individual himself.

The only change in this definition is that, before April 6 1985, the opening words to the second alternative were "as to not less than 51 per cent."

## Ownership transferred

In May 1984 my parents, who owned their home as tenants in common, transferred ownership of the property into my sole name by a deed of gift. The figure put on the property at that time, for the purposes of the Inland Revenue, was agreed at £45,000.

In December 1986 my parents moved in with me. The house was therefore immediately sold for £64,000. Only my parents have lived in the house from the time ownership was transferred to me, until the time it was sold. During this time, of course, no rent or payment in kind has been received by myself from my parents. I was informed by my accountant before the transfer took place, that no capital gains would be due resulting from the sale of this property provided that it was to be occupied solely by dependent relatives. This information I believe was extracted from Tolley's interpretation of the CGTA 1979 Sec. 105. On recently browsing through the Which? tax guide, however, I noticed that it brings to light another factor which implies that to be exempt from CGT the property should not have been "given" away. Should the above be the case, the irony is that no real



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

profit has been made by anybody in this transfer, and had my parents not given the property to me in 1984 but sold it themselves in 1986 and then each gifted me the proceeds of the sale, surely no tax of any kind would have been payable, since the amount in question is below the inheritance tax threshold.

I would appreciate your opinion as to how I now stand with the Inland Revenue regarding this subject and, if due, the likely amount of CGT payable.

Your tax inspector is indeed likely to take the view that you decided to allow your parents to occupy the house rent-free in consideration of the fact that they had given it to you. Consequently you do not qualify for exemption from CGT under section 105(1) of the Capital Gains Tax Act 1979 (as extended by extra statutory concession D2) in booklet IRI (1985). If this was your only chargeable gain in 1986-87, the CGT bill will be about £2,000, as follows: 30% of (£64,000-112% of £45,000-£8,300) = £2,190.

The fact that your parents would have had no CGT liability upon selling the house, if they had not decided to give it to you three years ago, is unfortunately irrelevant. Under Furniss-v-Dawson principles, it is only transactions which potentially avoid tax which can be disregarded—not those which increase the tax bill, or create a tax bill where none would have existed in status quo ante.

## Assets are taxable

I understand that inheritance tax is payable by non-UK domiciled estates on property situated in the UK. In this context, do the following assets fall into the category of "property situated in the UK":

1. UK equities
  2. Gift holdings
  3. National Income Bonds
  4. UK bank balances
- All four categories are property situated in the UK.

## Bewildered brokers

THE high street-registered insurance broker who consults faces a difficult choice over the next few months.

Does he continue to operate as an independent financial adviser and get authorisation to do so under the 1986 Financial Services Act? Or does he come under the umbrella of a life company or unit trust group and sell just that company's products?

One thing is certain. He cannot continue on his present path, advising and arranging life and pension contracts for his clients untroubled by any outside agency and reporting to no one but his partners or co-directors.

The Securities and Investments Board (SIB) has just become the designated agency to control the financial services market under the 1986 Act. Under its polarisation rules, life assurance and unit trust salesmen must either be representatives of just one company, or completely independent. If the latter, then they need authorisation.

Life companies are reporting that the high street intermediary is completely bemused by the situation. In the first place, he is not sure where the existing Financial Services Act affects him. After all, he has been providing what he considers to be a good service to his clients without any bother. Any complaints have always been sorted out personally with them.

Now, he is wary of getting involved in a bureaucratic system which he associates with time-consuming, useless form-filling. On top of that, he finds the new system is going to cut into his time and profits. As a result, the intermediary becomes confused, annoyed and even frightened.

The comparative peace of being a company representative must seem a way out for many smaller intermediaries. It handles everything—a message being sent out by many life companies, eager to secure trained people as they build their direct sales forces.

To counteract this pressure, other life companies are organising themselves to present the opposite message. First, there is Imag—the Independent Market Assistance Group—now consisting of 47

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Name \_\_\_\_\_ Address \_\_\_\_\_

Eric Short

As you can see from the figures, the capital performance of the Stewart Ivory British Fund over the last seven years has been very rewarding for unit holders.

The record is sound and reliable. By investing in smaller and medium-sized UK companies, we've consistently achieved our aim of capital growth, together with an increase in income at least equal to the rate of inflation.

In reality however, it's considerably better.

## INCREASED DISTRIBUTIONS, INCREASED CAPITAL VALUE

"Stewart Ivory British, in our opinion, remains in a class of its own." Praise indeed from Premier Unit Trust Brokers who look at all funds similar to ours with a very critical eye for these two criteria.

The objective of the Stewart Ivory British Fund is to achieve capital growth, together with an increase in income at least equal to the rate of inflation, by investing solely in the UK and primarily in smaller and medium sized companies. Thus providing unit holders with a means of participating in the returns of a variety of UK investment companies. The minimum initial investment in the fund is £500. Subsequent investments may be made in any amounts. Units may be purchased or sold at other and bid prices calculated daily. Prices and details will be published daily in the Financial Times, The Times, and the Daily Telegraph. Contact details will be sent to you within four weeks of receipt of payment. Units can be redeemed at any time and payment will be made in cash. The fund's assets are managed by Stewart Ivory British Fund Managers Ltd, a company whose clients include The Scottish American Investment Company PLC (Known as 'SAINTS'), which is the oldest.

"It has come top three times and a runner up once in the last seven yearly independent studies. That's a remarkably consistent performance."

## MORE INVESTMENTS, LESS RISK

The price of units, and income from them, may go down as well as up.

To minimise the risk, however, we



## STEWART IVORY BRITISH FUND

invest in a larger number of stocks, giving you, the investor, a safer exposure to a range of smaller companies you would not normally have access to.

This might seem obvious, but it's certainly not usual.

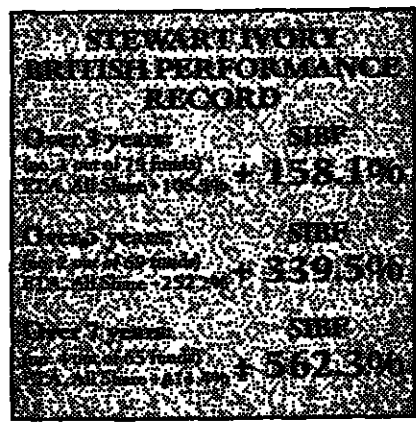
## STEWART IVORY, THE MANAGERS

Stewart Ivory is an independent, Edinburgh-based, investment management company whose clients include The Scottish American Investment Company PLC (Known as 'SAINTS'), which is the oldest.

investment trust in Edinburgh, established in 1873.

So we're not exactly new to the investment world, and we believe that our outstanding performance in the Stewart Ivory British Fund is ample proof of our experience and skill.

Stewart Ivory British Fund. One UK fund you just can't afford to ignore.



Source: Money Management; figures to April 1st 1987 offer bid, net income reinvested.

Member of the Unit Trust Association.

To: Stewart Ivory Unit Trust Managers Limited  
45 Charlotte Square, Edinburgh  
EH2 4HW. Tel: 031-226 3271.

**A TEARAWAY SUCCESS FROM STEWART IVORY**

I/We wish to invest £ (minimum £500) in Stewart Ivory British Fund at the offer price ruling on receipt of this order, and enclose a cheque in favour of Stewart Ivory Unit Trust Managers Limited.

I/We wish to invest in Income/Accumulation units (cross out as applicable or

Income units will be issued).

Mrs/Ms/Miss BLOCK CAPITALS PLEASE

First Name(s) \_\_\_\_\_

Surname \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

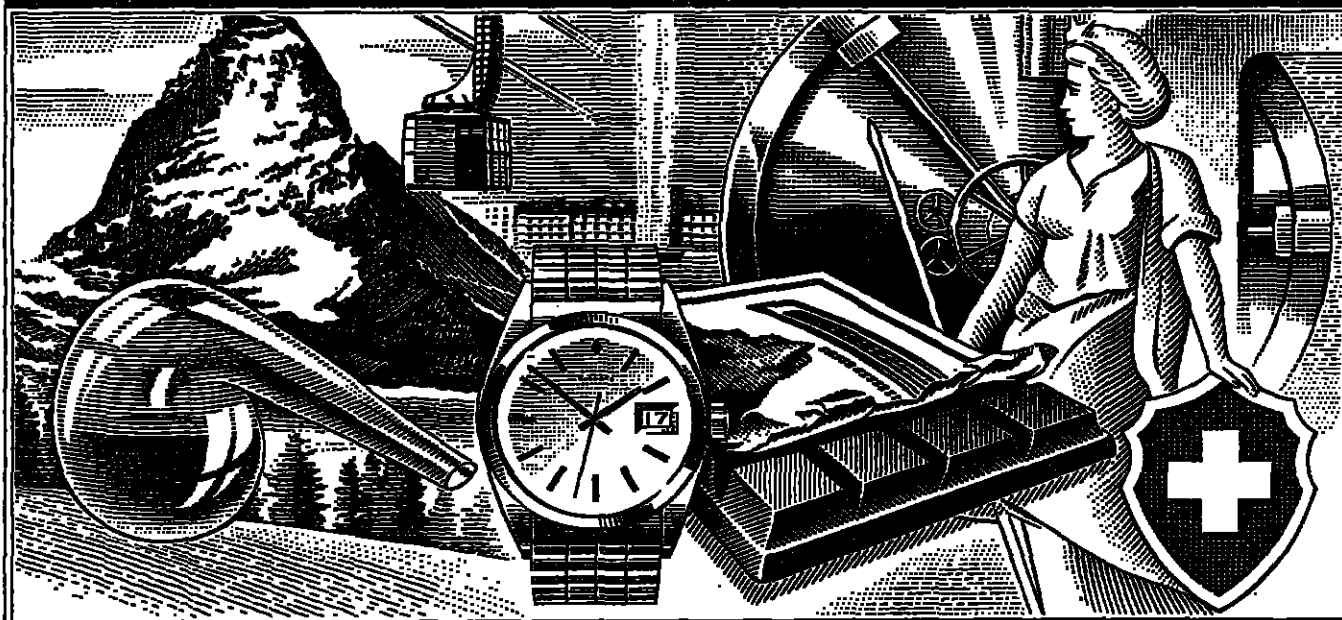
Signature(s) \_\_\_\_\_ Date \_\_\_\_\_

Joint applicants must all sign.

FT 6/6

If you would like further information on the Stewart Ivory British Fund or any of our other unit trusts please tick box: ☐

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Investment Opportunities Switzerland may not be a high growth economy, but it does offer a useful combination of strong, stable investment (such as banking and insurance) with excellent individual investment opportunities — in particular, the increasing number of high quality companies seeking new listings. Another important growth dimension for UK investors is, of course, the continuing strength of the Swiss Franc.

The Fund

Duménil Swiss Growth Fund is a UK authorised unit trust aiming for maximum capital growth through selective and active investment in the Swiss Stock-

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The simultaneous launch of Duménil Italian, German and Swiss Funds brings forward for investors the opportunity of specialist access to all principal European stockmarkets through Duménil Funds. The Duménil European Portfolio is exceptional, because only Duménil Funds combine the best local investment advice in each of these markets with the dynamic and innovative approach of Duménil-Fund to investment management. For our current market views, use the coupon to obtain a copy of Duménil's European Investment Bulletin. (ISSUE GROWTH FUND, FRENCH GROWTH FUND, GERMAN GROWTH FUND, ITALIAN GROWTH FUND, SPANISH GROWTH FUND, SWISS GROWTH FUND, UK GROWTH FUND.)

markets. The fund will be managed by Duménil Unit Trust Management Limited in London, who are known for their dynamic and innovative approach to fund management. Advisers to the Fund are Pictet & Co. in Geneva, one of the world's leading private banks, established in 1816, who manage assets of \$1.6 billion and are widely respected in Switzerland and abroad for the quality of their research and analysis.

Fixed Price Offer Unit 12th June 1987, units in the Fund may be purchased at the fixed price of 100p. After the fixed price offer closes, units may be purchased at the current quoted offer price. Minimum investment is £5,000 and the estimated gross initial yield is 10% p.a.

Please remember that the price of units, and any income from them, may go down as well as up. You should regard your investment as long term.

## DUMÉNIL THE EUROPEAN SPECIALIST

Duménil Unit Trust Management Limited, 54 St. James's Street, London SW1A 1JE. Telephone: 01-499 6383. A Member of the Unit Trust Association.

## FIRST PUBLIC OFFER

FIXED PRICE OF 100P UNTIL 12TH JUNE 1987

To: Duménil Unit Trust Management Limited, 54 St. James's Street, London SW1A 1JE.

I/we wish to invest £ (minimum £5,000) in the Duménil Swiss Growth Fund of the fixed price offer.

Units of 100p (fixed price) 12th June 1987.

A cheque is enclosed payable to Duménil Unit Trust Management Limited.

I/we have seen \_\_\_\_\_ (Please tick box if investment of income is required.)

Please send me a copy of Duménil's European Investment Bulletin.

Name \_\_\_\_\_ Address \_\_\_\_\_

Postcode \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ (Joint applicants must each sign and give full details)

General Information. Acknowledgement will be sent and certificates promptly issued within 4 weeks of payment. Unit prices and yields are published daily in leading national newspapers. Units can be sold back to the managers at not less than the current bid price calculated daily in the Financial Times. A cheque for the proceeds will be forwarded within 10 days of receipt of the proceeds certificate. An initial management charge of 5.25% on the net assets (equivalent to 5% of the issue price) is included in the price of the units. An annual management charge of 1.6% (plus VAT) is deducted on a monthly basis from the income of the fund. The fund closed capital at a maximum annual charge of 26 (plus VAT) but this can only be imposed after three months' notice to the unit holders. The fund's assets are managed by Duménil Unit Trust Management Limited, a company whose clients include The Scottish American Investment Company PLC (Known as 'SAINTS'), which is the oldest. Income may be reinvested at the basic rate for UK investors or at the appropriate rate on the application form. Reinvestment is payable to qualified intermediaries. Rate certificates on request. The fund does not pay Capital Gains Tax but unit holders may be liable for tax on units when they are sold. The fund is a UK authorised unit trust aiming for maximum capital growth through selective and active investment in the Swiss Stock-



## DIVERSIONS

## Gardening

## Spoiled for blooming choice

Robin Lane Fox pooh-poohs conservationists' fears and finds wide variety

LET US hope that the weather this weekend scores a horticultural hat-trick. After the rain, the past two Sundays have been excellent for gardeners. The sun has remained cool and the ground has had that magical degree of dampness which allows a weed to come out in one piece when you pull it at.

I have been submerged in the clearing out of the speedwell, discovering some good aegleas and planning for the various hardy plants which have been in evidence since Chelsea.

Nowadays, we are all being warned that garden plants are in danger of vanishing and that a whole era of plant-breeding and selecting is being forgotten. I find the opposite. It is 10 years since I embarked on a large replanting for myself, working on the principle that I would try to grow what I had never grown before.

There seems more than ever to choose and buy, much more than in the mid-1970s. As yet, little has come on to the market from the conservationists and their collections. Instead, the new varieties continue to emerge from plant breeders here and abroad, from the seed lists of botanical gardens and from the constant observations and exchanges between keen gardeners and their favourite nurseries.

One obvious new winner is a vigorous cream-yellow Coreopsis, a perennial daisy. Nobody has rescued it, conserved it or propagated it from their great aunt's stock. Coreopsis Moonbeam appeared in American and

was brought back by the Blooms of Bressingham Nurseries, Diss, Norfolk during some shrewd reconnaissance in 1985.

It performed conspicuously well in last year's gloomy summer and covered itself with flowers like small cosmos daisies to a height of 14 ft. The pale, civilised colouring is a break from the usual strong yellow in the family.

Bressingham is selling it at £2.50, but some places have also reached Beth Chatto, Elmstead Market, Colchester, who is offering it for £1.60. One plant soon goes a long way in an open light shade, especially as a Coreopsis is extremely easy to divide into many more pieces. It is said to flower from mid-June until September.

I will also be welcoming at least one new Hebe. These small shrubs are the delight of many non-gardeners and landscape designers because they behave themselves and make carpets or interlocking mounds. Most have a worthy, second-class sort of lead, but I have twice commented on a much livelier variety, Hebe Quick-silver, whose silver-grey leaves can be inspected in the furthest beds of the white garden at Sissinghurst in Kent.

To my delight, Bressingham is now selling it, admittedly at £3.50, but hebes grow quite

easily from cuttings. It is a low-growing plant, like their other new Hebe Wingley, another appealing plant which has a cool green-blue leaf and cheerful mauve-violet flowers. Both these new varieties are completely hardy.

So, of course, are hostas, another family which owes nothing to conservation and a very great deal to intelligent breeding and improvement. The new Hosta Shade Fanfare looks particularly enticing. Unlike many of the newer varieties, it grows away quickly and soon makes a fresh and bright clump of leaves which are edged with cream-white in shade, turning to yellow in sunshine.

I sometimes meet gardeners who are starting to grumble about the entire family. At their best, hostas are so lush and beautifully-leaved that it is absurd to dismiss them as the dreary bergamots of our age.

It is also unfair to berate them. Admittedly, some of them were Victorians of very little value, but they too have been polished up recently. The new Eric Smith variety is a glowing bronze and red-green tribute to a great breeder who certainly did not think that good garden plants were somehow disappearing out of cultivation. This fine foliage plant is on sale in small

numbers in Beth Chatto's nursery and is quite simply the best of the bunch.

We must never forget that plants do not only vanish: they also appear, provisionally, in new forms or keen gardeners' flower beds. Four Seasons Nursery of Fount St Mary, Norwich, has caught my eye with a charming cream-variegated Calamintha, a smaller relation of catmint in a family which I always recommend.

Calamintha Fount St Mary is a new arrival, about nine inches high, lighter and brighter than its excellent cousins and very tempting for the front of a half-shaded border. In summer places, you have only to dip into the list, let alone the nursery, of Hopkeys at Much Hadham, Herts, to see how much they have added to our gardens: new mallows, new marjoram, and this year a special hardy honeysuckle named after that fine plantsman who is highly fragrant, but I could not catch a sign of it on their show stand.

Fifteen years ago, there was much less to want. Where were the shocking pink Diascias, the silver-marked Lamiums for shaded places, the deeper and better types of Pulmonaria, the lovely white Bleeding Heart, let alone the recent roses in David Austin's growing English category? New varieties have sprung up and new ones will come with them. It is an exciting time to be replanting, even if shrubby pot-plants now come with orange-red flowers.

few years ago the society decided that it was time to give this list a thorough overhaul and appointed a powerful committee for this purpose. After two years of hard work, the list of about 15,000 plants which, it was hoped, would soon be published for the guidance of all gardeners whether RHS members or not.

Unexpectedly, the whole idea was condemned by the Ridley Committee appointed to review the society's responsibilities for management and organisation of the Royal Horticultural Society. The main reason for this disapproval is that it considers all such lists undesirable as they severely limit the diversity of plants available to gardeners—a situation that has already led to the formation of the National Council for the Conservation of Plants and Gardens.

It is, I am sure, a false fear. There is no prospect that the existence of the Award of Garden Merit will in any way lessen the enthusiasm of plant breeders and introducers. They will continue to regard every goose they possess as a swan and launch it with enthusiasm on an unsuspecting and, in general, rather ill-informed public. It is customers who require a little protection in the hustle and bustle of the market place and there is no more competent body to give that advice than the Royal Horticultural Society.

Arthur Hellyer

## Guiding hand



Nurseries. In future I shall know better than to waste time ploughing through filing cabinets of nursery catalogues before I have referred to "The Plant Finder". I understand that all the information has been computerised so that it can be readily revised and updated.

I only know one other guide anything like so helpful and this is confined to roses. It is now in its fifth successful year, is called "Find that Rose" and is compiled by The Rose Growers' Association, 303 Mile End Road, Colchester, Essex CO4 5EA, priced 40p. It contains the names of over 2,000 roses and the names and addresses of 75 specialist rose nurseries. From it you will learn things like 70 of these nurseries stock the excellent cluster flowered rose Iceberg (it is a mystery to me why the other five do not) and that the once popular, large flowered, yellow Dorothy Peach can now only be obtained from James McIntyre Roses. Also, the lovely blue rambler, Violette de France, despite being published by a society which is concerned only with herbaceous plants, also included trees and shrubs. I looked immediately to see what it had to say about this plant.

Sure enough, the only commercial source given was Hillier Nurseries. In future I shall know better than to waste time ploughing through filing cabinets of nursery catalogues before I have referred to "The Plant Finder". I understand that all the information has been computerised so that it can be readily revised and updated.

It is good to have such comprehensive guides to help one find plants and I hope that both will be in such demand that others will appear in due time devoted to annuals, bulbs, alpines and greenhouse plants. I hear that "The Plant Finder" sold well at Chelsea and this should give it a good start. But finding plants is only half the battle as most of us also want assurance that the plants we seek are worth finding.

In the past my main prop, when uncertain, has been the Royal Horticultural Society's Award of Garden Merit which scores over all other awards given by the society because it is only awarded to plants that are well known in gardens. A

wonder how many players would have found that winning line. In memory of that rare defence, a squeeze on dummy, which Bruce and I found, when partners in his house at Remuera, let me reply with a hand of mine from rubber bridge:

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Many congratulations to the declarer on his excellent play. I

with the earliest years of match chess. Ruy Lopez, born about 1530, was a leading player of his day. He wrote an early book on chess, met Italian rivals in matches, and recommended the opening named after him (1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5).

He was also responsible for the practical advice that you should site the chessboard so that the sun shines in your opponent's eyes.

Seville itself was the site of the notorious Petrosian-Hubner candidates' quarter-final of 1971, where after six consecutive draws Hubner had the better position in game seven. The playing room was in a bank under the main street, and as the grandmasters approached the time control a soccer crowd began to tramp the pavement above. Hubner lost concentration but Petrosian, who was deaf, simply switched off his hearing aid. Then Hubner blundered, resigned, tore up his score sheet and withdrew from the match.

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won that well, but few observers give him a serious chance of regaining the title.

In Kasparov's latest exploit a few weeks ago, he beat the Swiss Olympic team 5½-1 in a clock simultaneous, sacrificing pieces in half the games. His opponent, Trepp, made only one clear inaccuracy (Q-R4) loses time over the normal (Q-B3) but it was enough for the world champion's pieces to swarm all over the black defences.

White: G. Kasparov. Black: M. Trepp (Switzerland).

Old Indian Defence (Zurich 1987).

1 P-Q4, N-KB3; 2 N-KB3, P-Q3; 3 P-B4, Q-N2; 4 N-B3, P-B3; 5 P-K4, P-K4; 6 B-K2, B-K2; 7 O-O, O-O; 8 R-K1, P-QR3; 9 B-B1, P-QN4; 10 P-QR3, B-N2; 11 B-N5, P-R3; 12 B-R4, R-K1; 13 R-B1, Q-R4; 14 P-B5! P-QP3; 15 N-QP3, Q-B3; 16 N-B3! N-BP3; 17 B-N4, B-B3; 18 P-QN4, Q-N2; 19 N-Q5, Q-N1; 20 N-B3, Q-N2; 21 Q-K2, R-K3; 22 Q-Q3, R-K3; 23 P-K5, Q-N2; 24 P-B4, P-B3; 25 N-Q4, R-K3-K1; 26 P-R6, N-B1; 27 P-B5, K-R1; 28 K-R1, N-R2; 29 N-BP3. Resigns. If R-R2; 30 N-K7, K-B1; 31 N-N6, ch! and the passed K6 pawn wins easily.

Leonard Barden

## Judy Olivier explores the Mont Blanc region

## Have a ten-day fit of peak



Walk Wild

you've managed the stiff slog, you're on a ridge which runs for six kilometres on what feels like the top of the world, with open views in every direction. The refuge at La Pre on the side of the mountain is one of the best on the TMB, with hot showers, superb pasta and incomparable views over Courmayeur in the dusk and dawn.

Although the TMB is an international drawcard, the people you meet are predominantly French. A nation of enthusiastic walkers, they do it with style, superbly dressed in well-cut shorts. Not so the British. To a man (and woman) it's dreary baggy shorts straight from the set of The Jewel in the Crown. In contrast to the Gallic sunbathers the British most blaze red, giving the impression of a troop of reindier.

From Courmayeur, a pretty but tourist-filled town, the route goes to the Col Chevreuil at 1,986 metres. It's a ski station where the eccentric owner of the restaurant knows to press free rounds of the local eau de vie on his customers. It could be an Italian secret weapon against foreigners and should be avoided by anyone wanting to avoid a hangover, which could last the next few days.

For the next few days are tough. The route goes up the Col Chavandres (2,600 metres) and down the other side through five kilometres of snow-covered scree which can require an ice-axe.

THE TITLE Tour de Mont Blanc (TMB) is misleading. It conjures up visions of coachloads of tourists surging through the Alps in the lap of luxury. Alternatively, of mounds of chestnut purée smothered in chianti.

In fact it is one of the world's classic walks, covering 200 kilometres as it dips into deep valleys and soars up steep slopes, circling the Mont Blanc massif. The scenery is never less than spectacular, switching from the chocolate box prettiness of alpine villages to barren reaches of mountain peaks and glaciers. The TMB does not go up Mont Blanc, it goes round it. You're never on the slopes of the mountain, but on the slopes of plateaux, mountains and peaks which encircle it.

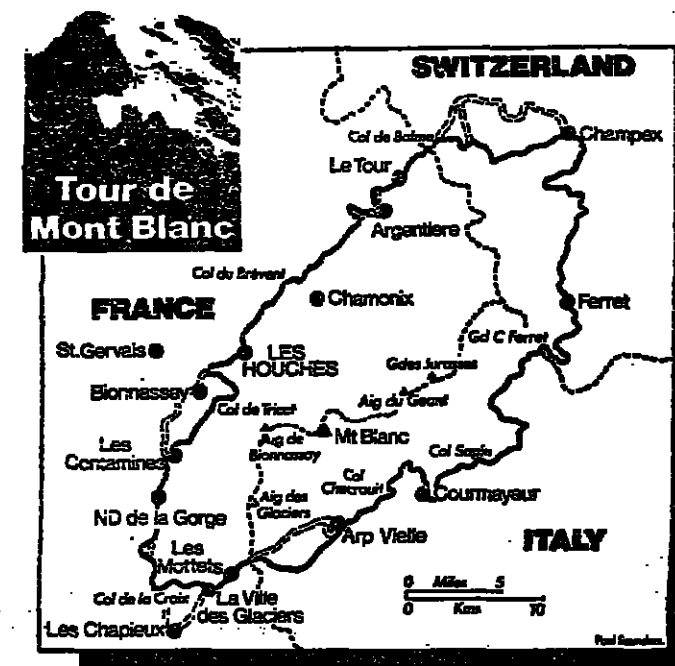
It's a strenuous walk, involving climbing up and down a total of about 30,000 metres. That's the regular route. There are also numerous variants, difficult alternatives to the standard, already arduous paths, demanding a high standard of fitness. Jogging to the kitchen in the evenings to make Ovatine will not be sufficient training to scale the glaciers involved.

The tour can be started in a number of towns, including Les Houches or Chamonix in France or Courmayeur in Italy. It usually goes anti-clockwise, so you can start in Champex in Switzerland and walk clockwise.

Champex is an enchanting place to begin and end, a picture-postcard village on the edge of a lake, set against a backdrop of snow-covered mountains. There is plenty of good accommodation, ranging from pensions and hotels to the multi-bedded dormitories which are available throughout the tour, and where you seldom pay more than £10 for bed, breakfast and an excellent dinner, often a lot less.

Setting out from Champex to La Fouly on the first leg is also the first test. There are two routes: an easy path through the valley and a variant over a glacier. The variant is infinitely more spectacular, but involving a steep ascent and an unpleasant descent over hundreds of metres of scree. It's a hike that sorts out the Boningtons from the rest.

The next day you climb out of Switzerland into Italy over the Grand Col Ferret with extraordinary views over the Glaciers de Pré de Bar. Once you've descended into the valley and reached La Vachey, you again have a choice: stroll through a valley or a variant over the Mont de la Saxe with what has been described as the best view of the southern flanks of the Grand Jorasses. This route climbs to the Fosse entre deux Seigneurs, 2,424 metres in the Val Arona and climbs again to the Tête de la Tranche at 2,584 metres. The Mont de la Saxe comes as an unexpected pleasure. Once



## Jonathan Sale on the other morris travellers

## The ploughman's bunch

A MORRIS dancer lived with us once. We would find him of an evening in the kitchen, ironing his white dancing trousers and checking that the bells round his knees tinkled in the right rhythm. He would give him a lift—in our Morris Traveller, of course—to the place where he and his fellow dancers carried out their traditional, rustic ceremonies.

Drinking was one of these. Real Ale, naturally. New-fangled brews were anathema. There had a tradition of accompanying one of the traditional "stick" dances: "Oh dear," they yelled, walloping each other's wooden clubs. "I do feel queer"—wallop—"it must be all that Watneys beer"—wallop wallop.

They met, naturally, in a pub. Situated at the corner of Dron's South Circular, it had one of those rustic names like the Five-Bar Gate or Ye Olde Surrey Ploughman and the dancers therefore termed themselves the Five-Bar Gate Plough Boys. Probably they still do; morris dancing was practically extinct at the beginning of the century and it now clings fiercely to all its present manifestations.

Our morris man is not with them. One day, one of the displays given to shopping centres where the sun never shows, he danced off to the countryside and marriage. He has now—the ceremonies are, after all,

fertility symbols—started a family of morris minors. This weekend he will be at the big Morris Ring Meeting, if not physically (he lives within leaping distance) then certainly in spirit. The get-together at Thaxted, Essex, is by way of being the AGM of the dancing craft, where knees are up and glasses are raised.

Thaxted is a kind of Mecca



for the nation's men with wavy hands and thumping feet. They have been going through their paces here since 1911, and possibly for much longer, in the guise of the old Molly Dancing of East Anglia. It was here in 1933 that six separate clubs met to watch each other's steps and a year later the Morris Ring, the "guardian of the tradition," was set up to make sure that standards are upheld among the long-sword dancers of Yorkshire, the Rapper-sword leapers of Northumbria and the clog bouncers of Lancashire.

Now their own group will be performing the Abbots Bromley Horn Dance and the visiting teams, the men of Boar's Head, Greensleeves, Handsworth Sword and Westminister, will tour the surrounding villages, with their "Fools and Animals" to amuse the crowd between bouts. Judging from the venues, it will be those parts of the villages where Real Ale is on tap: The Dog and Duck Linton; ditto, Stansfeld; The Fox and Hounds, Steeple Bumpstead; The Three Horseshoes, Helions Bumpstead; The Duke's Head, Hatfield Broad Oak; and other addresses, which, if they did not exist, would be created by the local tourist board.

Names don't come much more rural than theirs, straight from Central Casting or the roll-call in Uncle Tom Cobbleigh, making The Archers sound positively

first when the ration ran out. Even if you walk in the recommended months of June to October, you're likely to have snow at some stage. This won't detract from the joys of the walk, it will enhance them. When we set off at dawn through a metre of virgin snow, watching the sun rise over the snow-covered peaks, we walked in awe-struck, respectful silence.

The stretch between Bel Achat and Argentière can include a worthwhile deviation to the spectacular Lac Blanc. There is also the one stretch described as a passage dangerous. It's a chimney which will put the fear of God into the fainthearted, but it has been cunningly fitted with iron grips.

After Argentière (where two-thirds of the shops sell food) you walk over the Col de Balme and back into Switzerland to the village of Trient. From here you're faced with the final choice: the traditional TMB route past the Bovine (1,887 metres) to Champex, or a variant over the Fenêtre d'Arpette (2,665 metres). The variant has wonderful views over a glacier and a great deal of the basic premises is the same: it's a wonderful walk round the edges of one of the most spectacular mountain ranges in the world. Which is far more satisfying than a bowl of puréed chestnuts covered in chianti.

Additional information: The TMB is well-marked with waymarks in all three countries, and with the appropriate ordinance survey maps and a compass it is easy to follow. There is a variety of accommodation at convenient intervals all along the route, including mountain huts, gîtes d'étapes, family-run pensions and hotels. The TMB Topo-Guide combined with the Logis de France booklet gives you all the information you need.

Alternatively, two companies specialise in 14-day TMB hikes. Waymark Holidays (295 Lillie Road, London SW6 7LL, telephone 01-885-5015) start in Champex and walk clockwise. They tend to attract younger walkers because of their reputation for choosing the tougher variants. The cost for 1987 is £448. Rambler Holidays (13 Lonscroft House, Fetherstone Road, Weymouth, Dorset, telephone 01305-381133) offer a strenuous version at a cost of £391 and walk clockwise.

Required reading is Arthur Harper's Tour de Mont Blanc (Cicerone Press, and the French Topo-Guide: You'll need map IGB number 8 (1: 50,000).

## BRIDGE

BRUCE BELL, the Kiwi star, has just sent me a hand, which he played in a pairs event at Auckland:

N. 10 8 5  
K Q  
K Q 4  
6 3 2  
W. 6 2  
A 10 8 5 4  
J 8  
K J 7  
S. A K Q 9 4 3  
4 5 3  
A Q 10

With both sides vulnerable Bruce dealt in the South seat. After opening with one spade, he reached the popular contract of four spades which was defeated at most of the tables.

West led the ace of hearts—

that was a help—and continued with another heart to the King. Throwing a diamond, the declarer drew trumps in three rounds, and then found the killing play.

He cashed the ace of diamonds, and continued with the two from the table. If East plays low, West wins, and is employed. He cannot return a club or a heart without giving South his 10th trick—a clubs runs into the tenace, heart conceding a ruff discard. If West holds another diamond, and leads it, this must establish a trick in the suit for dummy. Either the queen makes, or the king is ruffed out.

As play went West saw the threatened endplay, and jettisoned his knave. East won the second diamond with his nine, and naturally switched to a club. The ten won, but that was the end of the road for West. There was no good return.

Many congratulations to the declarer on his excellent play. I

wonder how many players would have found that winning line.

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## CHESS

FIDE, the International Chess Federation, has declared that Seville, in Spain, will host the fourth Kasparov-Karpov world title match this autumn.

Seville had offered the highest prize fund (about £1.1m), and became almost assured of success when Kasparov refused to consider Dubai, the nearest rival bidder. The champion blames the United Arab Emirates for its co-operation in Campanones's re-election campaign as FIDE President—a harsh judgment, given Dubai's excellent organisation and care during the 1986 chess olympics.

The other losing bids came from Madrid, Seattle and Sochi. The last pair had offered the minimum of \$500,000. Seattle had hoped to be chosen in view of the city's staging of the USSR-US Goodwill Games.

Seville's mammoth offer seems linked with the five-year-long celebrations of the voyage of Christopher Columbus, and Spain also has a historic link

with the earliest years of match chess. Ruy Lopez, born about 1530, was a leading player of his day. He wrote an early book on chess, met Italian rivals in matches, and recommended the opening named after him (1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5).

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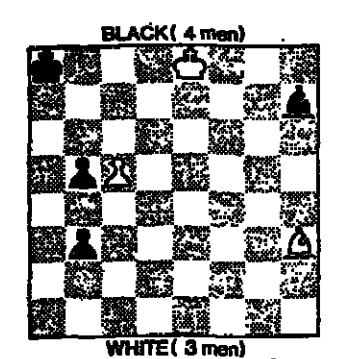
In Kasparov's latest exploit a few weeks ago, he beat the Swiss Olympic team 5½-1 in a clock simultaneous, sacrificing pieces in half the games. His opponent, Trepp, made only one clear inaccuracy (Q-R4) loses time over the normal (Q-B3) but it was enough for the world champion's pieces to swarm all over the black defences.

White: G. Kasparov. Black: M. Trepp (Switzerland).

Old Indian Defence (Zurich 1987).

1 P-Q4, N-KB3; 2 N-KB3, P-Q3; 3 P-B4, Q-N2; 4 N-B3, P-B3; 5 P-K4, P-K4; 6 B-K2, B-K2; 7 O-O, O-O; 8 R-K1, P-QR3; 9 B-B1, P-QN4; 10 P-QR3, B-N2; 11 B-N5, P-R3; 12 B-R4, R-K1; 13 R-B1, Q-R4; 14 P-B5! P-QP3; 15 N-QP3, Q-B3; 16 N-B3! N-BP3; 17 B-N4, B-B3; 18 P-QN4, Q-N2; 19 N-Q5, Q-N1; 20 N-B3, Q-N2; 21 Q-K2, R-K3; 22 Q-Q3, R-K3; 23 P-K5, Q-N2; 24 P-B4, P-B3; 25 N-Q4, R-K3-K1; 26 P-R6, N-B1; 27 P-B5, K-R1; 28 K-R1, N-R2; 29 N-BP3. Resigns. If R-R2; 30 N-K7, K-B1; 31 N-N6, ch! and the passed K6 pawn wins easily.

PROBLEM No. 674



White to move; can he win?

Both pawns are en route to queen, the position looks easy to analyse, but the solution depends almost entirely on whether you spot a hidden finesse several moves deep.

Leonard Barden

## Flyaway home

## Fishing

ence for me. It was a blustery day with a northerly breeze and clouds of huge Mayfly were coming off the river, and the trout were going mad for them at intervals. I soon found the sense of a strong line. I was not used to casting off a tree-lined bank and spent as much time rescuing my flies from the branches behind me as presenting them to the fish.

One slack spell I went and bought some more casts and fished on until I caught the limit, with my cast no more than two feet long broken not by fish, but by the trees.

I have finished the same beat ever since but never saw the same profusion of Mayfly. For several years they disappeared and the general explanation was that high winds had blown them away from the

river. It became an exception to see a Mayfly and all the old hands claimed that the fishing was much better at that time in their absence. For years I didn't carry one in my box. The theory was that fishing fell off after a Mayfly hatch while the fish digested their extraordinary meal.

About a dozen years ago they gradually reappeared and on May 24 I was on the very same beat and encountered much the same conditions—a generous hatch of fly. They were to be mostly cruising fish. You had to drop the fly where you thought they would get to next. The trees were still

there but I am a more skilful now and position myself with care. I used the same cast and the same Mayfly all the afternoon. I was sharing the rod with the friend who had tied the fly, and between us we caught the limit (which by the way has dropped from eight to five over the years).

It was not very skilful fishing. Only one of the victims had been rising steadily in the same place. Brute force was needed to cast against the wind rather than delicacy. But it was a tremendous hatch and the only fish that spat the fly out was one on which I tightened the line too soon.

The Mayfly has been so plentiful that I wonder what the fishing will be like once the period is over by the end of the next week in June. However, that will not be really a concern: I am off to Scotland to try and catch a salmon on the Shiel. It is my turn for one this year.

John Cherrington



## • COLLECTING •

Antony Thorncroft reviews the 'London Season' for antique dealers, exhibitors and auction sales

## Do it in hope of fair advantages

JUNE IS the month in which the International High Society comes to London—for the Derby, for Wimbledon, for Ascot, and—increasingly—for art. This gathering of the rich has been seized on by antique dealers and the salerooms as a wonderful opportunity to present their best and glitziest wares to a relaxed audience; almost by the day a new fair opens, a new exhibition is shown by a big dealer and the auction houses mount their choicest sales.

The smartest fair, in terms of the quality of the items on offer (and steepness of the prices) is at Grosvenor House. It opens on June 10. But just before that, and for the first time overlapping it slightly, there will be Olympia, a much larger enterprise, opening on June 4, aimed at the financially comfortable rather than the pleasure-rich. There will also be plenty of dealers in attendance, keen to cream off the pick of Olympia's 280 stands, and, perhaps, transport the treasures across London to Grosvenor House, with a reassuring mark-up.

Apart from these two general sales the International Ceramics Fair and Seminar, starting on June 12, will be attracting enthusiasts from around the world, and on June 23 the London Antiquarian Book Fair will be catering for the needs of bibliophiles. In addition the streets around Mayfair and Piccadilly will be bubbling over with special shows, and Sotheby's will be offering top quality paintings, furniture, ceramics, and British Rail's collection of Old Master prints (on June 28), with Christie's weighing in with much of the same.

This selling spree is taking place with the trade in moderately optimistic mood. It is always difficult to discover a happy antique dealer, but the past year has been generally good, especially at the top end of the market. Middle priced items are doing middling well; but there is little interest in the cheap and cheerful—or the blatantly second rate.

The main problem is finding antiques of sufficient quality, especially among furniture and pictures. Owners are well aware of the appreciating value of their possessions and are reluctant to sell; they know they will not be able to replace their antiques at a reasonable price. So anything which appeals to the international market is fetching a very high price, especially at auction, where dealers are increasingly forced to go for their

stock. The latest Sotheby's Art Market Bulletin shows English furniture appreciating on its index from 327 at the end of March 1986 to 371.12 months later. Impressionist paintings have jumped from 487 to 628 in the same period. Since March prices have accelerated.

Whether current high hopes are translated into brisk trading depends to a great extent on the Americans. Last year they were thin on the ground, and although continental and, at last, some new British buying made good much of the gap, their absence was felt. There were not a many American dealers at the Bath Fair last month as there had hoped for but hotel bookings during Grosvenor House are at least an improvement on 1986. It is not terror fears, but rather the fall in the buying power of the dollar which most inhibits American buying this month.

But they should be tempted by the goodies at Grosvenor House. The 56 dealers bring out all their best and most expensive works of art, and judging by the fact that dealers are very reluctant to forego their pitch in the Great Room, they obviously do encourage business—if not with sales on the spot then in meetings with the buyers who join them back at their shops. This year there are a few new faces, notably Didier Aaron, the leading French furniture dealer who has recently set up in London, and Mayores, which is bringing textiles to the Fair.

The Great Room is always an overpowering spectacle. This year it should be better, thanks to a £3m refurbishment which has improved the air conditioning, and the inspiration of inviting 10 fabric houses—of the status of Colfax and Fowler and Laura Ashley—to produce backcloths for the artefacts on selected stands. In addition Grosvenor House is taking an admirable lead from the International Ceramics Fair: it is organising lectures on heritage matters during the second week.

This has always been primarily a furniture fair. The likes of Norman Adams, Apter-Fredericks, and Mallett at Bourdon House will be offering fine examples of English furniture, a sector of the market that has almost doubled in price in the past two years. But now the picture dealers are enjoying Grosvenor House, and although they have doubts about the changes in the layout of the stands, which places four dealers in a



Japanese Arita, late 17th century: a rare pair of porcelain boys (35.4 cms high), each with a little dog at his feet; shown by Spink at Grosvenor House.

row, they carry high expectations.

In particular, David Messum will expect intense current interest in British Impressionist pictures to repeat the experience of last year when he introduced these comparative novelties to the fair and sold the lot. This time he has fine paintings by Stanhope Forbes and Harold Harvey on offer, at £75,000 each, as well as works by Laura Knight and other Newlyn and Glasgow School artists. Whitford & Hughes is offering Belgian artists of the turn of the century, while Johnny Van Haeften continues to satisfy the British—and American—love of Dutch and Flemish paintings of the 16th and 17th centuries. Spink always takes the largest stand, in keeping with a history that stretches back over three centuries. This year it has a

good display of oriental works of art as well as silver and pictures. In particular there is a pair of 18th century porcelain ladies, dressed in contemporary fashion, of great appeal. In contrast are the rougher ceramics of the Han dynasty of almost two millennia earlier. At Harriet Wynter there are scientific and medical instruments, and the Lavenders offers a miniature, by the famed Nicholas Hilliard, of Anne of Denmark, wife of James I. S. J. Phillips reflects the renewed interest in 19th century jewellery, while Mags returns with rare and costly books. Maureen Thompson specialises in glass, and has Georgian decanters on offer for under £200, while Bluetts is one Chinese dealer who takes space at the fair. The Grosvenor House has few inexpensive items and the

upper limits are £250,000, plus. But dealers are prepared to haggle, within reason, and you will certainly get a completely genuine, beautifully conditioned, antique. Given the shortage of quality items most dealers are only too pleased to offer a buy-back guarantee. If the prices make this a fair for the rich, overseas collector, the British gawper will get for his or her £8 admission fee, a catalogue and the chance to see the Queen's purple velvet robe, worn at her Coronation, and one of the exhibits in the loan display from the Royal School of Needlework. Grosvenor House gets about 20,000 visitors: there will be more at Olympia, which is a much jollier experience altogether, with almost 300 exhibitors crammed into two levels. (The top of the market is

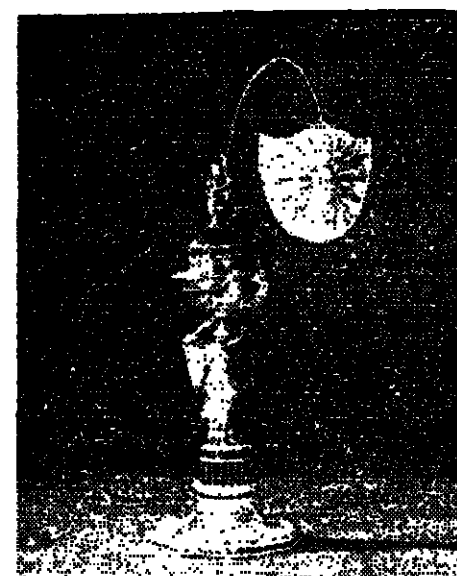
in the gallery, while the more popular stands crowd the ground floor.) You can buy collectibles here for £50, or even less, and the range is enormous. Even so, every object on display has been vetted. Go early, before the dealers have creamed off the best. It is also slightly worrying that, at Grosvenor House, purchasers of a £50 ticket to the charity preview on June 9, will be able to put a marker down on objects that catch their mellowed eye.

Not all the excitement is taking place at the fairs and in the salerooms. Some of the top dealers eschew fairs, confident that the quality of their stock will draw in their regular (and new) customers. On June 9, Eskenazi, one of the leading dealers in oriental ceramics, will be holding its first exhibition devoted entirely to Tang Dynasty works of art.

Eskenazi clings to the old-fashioned view that you do not sell through such exhibitions items bought at auction. It is always something of a shock to come across, at a fair in particular, a painting or a silver tureen which the dealer has bought recently at Sotheby's or Christie's and now offers quickly back to the market with a 50 per cent or so mark up. All the objects at Eskenazi have been purchased privately. They include an earthenware camel, with a £225,000 price tag, a pair of glazed earthenware figures that would have guarded a tomb, for £250,000; and a glazed prancing horse for £110,000. Chinese works of art of the finest quality remain a firm market because of the international demand, and the increasing interest of American museums as buyers.

We are approaching the time when caution is needed in the antique markets. At the top end, prices should remain high and rising—the disappearance of objects abroad, and into museums, ensures scarcity. But it is a pity that more and more art markets are becoming prey to collector-investors rather than collector-connoisseurs. There is a certainty that works of art will hold their value, and they should never be regarded as alternative investments. Anyone who buys under the motivation of a capital gain will be disappointed: anyone who buys because they fall in love with the object will be well rewarded. This month, in London, there will be marvellous opportunities to acquire such a life-long treasure.

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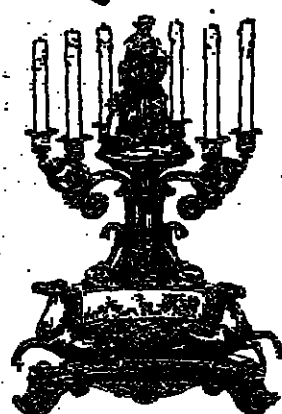
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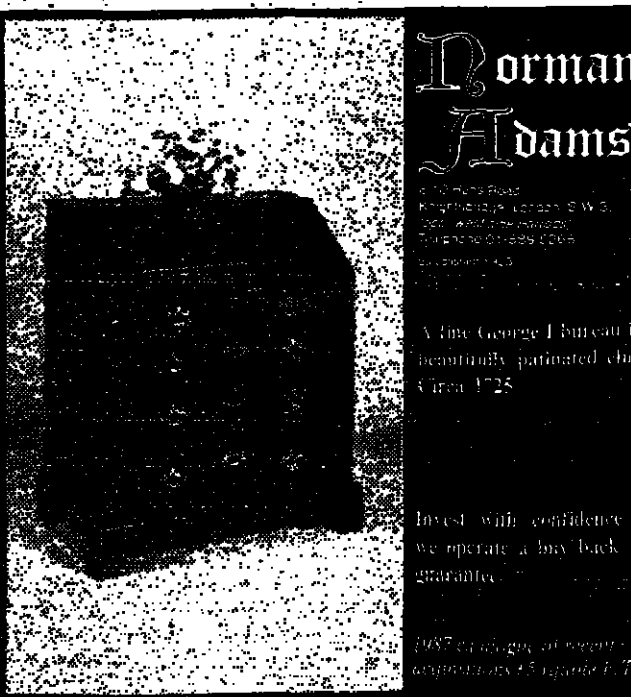


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## Holly Smith follows villa buyers to the mountains

## Take to the hills

SPAIN'S Costa del Sol is now awash with residential property for sale. Red-roofed, white-stuccoed units are everywhere, plastered with signs beckoning buyers.

Prospective purchasers who find themselves driven cross-eyed by all this choice have a shortcut at their disposal. They can opt to buy the kind of property that local property developers have chosen for their own homes.

If they take this lead, they'll find themselves going away from the beach front and back into the mountains overlooking the coast. Take developers and property experts like Mrs Elizabeth Woods, the Sturgis family, and Eduardo Massoud. They've all headed for the hills and settled in spacious single-family homes on generous plots of land.

They cite the views, the slower pace, and the feeling of living in "the real Spain" as some of the key reasons why they have left the beach property to the tourists.

Mrs Woods, owner of Fincasol, a large property company specialising in property along the coast and the hills behind it, lives on the edge of a village called Jimena, a cluster of whitewashed homes on a hillside about half an hour's drive from her office in Sotogrande on the coast.

She and her husband built the home seven years ago, on a three-acre site, incorporating old material such as antique hand-painted tiles, beams and doors.

The three-bed, three-bath home has a swimming pool at the rear, spectacular views all around, and a lush vegetable garden. Near the entrance gate are a half dozen brown Iberian pigs that add a picturesque touch. They're not there to provide atmosphere. "They get eaten,"

She estimated that her property was probably worth about £300,000, but quickly added that it's not for sale.

The Sturgis family, owners of Sturgis and Son estate agencies in London and Marbella, live in a development called El Madroal, about five kilometers north of the coastal town of San Pedro to the west of Marbella. Martin Sturgis said the family has been dealing in Spanish property since the mid-1980s, and his father George spends about nine months a year there.

Their three-bedroom home on a one-acre site has a swimming pool and a garden with orange trees, vegetables and flowers. It's positioned to afford views of the sea, the town of Marbella and Le Concha—the mountain that towers over Marbella.

Explaining the allure of the El Madroal neighbourhood over

the coastline property, Martin Sturgis said, "you get the Spanish influence, the views, and you don't get all the ratzmatatz."

Eduardo Massoud, a Lebanese developer whose family built and operate the Coral Beach residential complex near Puerto Banus, lives in a five-bedroom villa in the hills above Puerto Banus in an area called Las Brisas in Nueva Andalucia.

"You have a very nice view," he explains, adding that the three golf courses nearby are another reason he wanted to live there.

The problem of how the mountain dwellers can get easy access to the beach is something that he's solving at Coral Beach. For the equivalent of £3,000, people can join (if they're accepted by the membership) the Coral Beach Swimming Club, which buys them a beach cabin where they can change their clothes and keep their beach gear, and gives them access to the Coral Beach pool, bar, and parking facilities.

Twenty of the 100 memberships available are already sold. Naturally, mountain living isn't necessarily ideal for everyone. People who love the beach, for example, or who plan to use the property just for holidays might well want to stick to the coastline.

Sometimes people who would



Fincasol offers this converted farmhouse in Spain on 15 acres for £70,000.

rather be close to the beach and the bustle along the coast are forced inland because of the high prices and the security of beachfront or beachside property, says Christopher Clover, sales director for the estate agency Panorama in Marbella.

He is in the process of moving into a spacious inland home with a swimming pool on one and-a-half acres on the Istan Road, northwest of Puerto Romano. He would have seriously considered being closer to the sea, he said, if what he wanted had been available there.

Clover said about 75 per cent of the beach property sold is bought by people with children, because the parents want their

children to have easy access to the water. That includes not having to cross the busy highway that divides the hills from the shore.

Buyers in the market for inland property near Sotogrande would pay about £15,000 for a vacant three-acre site with out services, said Elizabeth Woods, adding that new planning restrictions require that a building site has to be a minimum of six and a quarter acres, unless it already has a cottage on it. She added, "You could pay as much to put in the services as to put in the house."

Houses that Fincasol builds for clients on the Sotogrande estate, which is slightly inland, range from £30,000 to £250,000, she said.

At the lower end of the market, Fincasol offers townhouses in the "White Villages" in the hills that cost an average of £20,000.

Martin Sturgis said prices in El Madroal and the neighbouring estate of Las Colinas sell for more than £500,000, and average about £200,000 in the Los Alamos development nearby. He said resales in these areas are easier to achieve because all the sites are already sold and developed—buyers can't be enticed by a brand new property going up close by.

Resales are a problem along the coast for just this reason, he said—people prefer to buy new property over used property when they have that option.

## French tranquillity for sale

ATTRACTIVE, reasonably-priced holiday or retirement homes within easy reach of the Cote d'Azur but away from the Riviera's tourist and traffic congestion are not easy to find. However, a pleasant one hour drive from Nice brings you to Domaine des Mas de Saint-Pierre, where a little corner of French tranquillity is now up for sale.

Swiss developer Genco S.A. is completing 100 units of studios, 1 and 2 bedroom flats, and 2 and 3 bedroom villas in simple and tasteful exterior designs which don't clash with the nearby Roman village of Plan de La Tour.

"We build in the traditional way; these are not prefabricated houses," says Paul Philippaert, the civil engineer managing the project. Recent alterations to the building plan and drawings allow greater flexibility for the purchaser in the interior design. Facades are of three basic designs, but distinct in appearance without looking fussy or twee. Roofs are of old tiles to blend in with those of the village.

When the project is completed next year, the roads will be turned over to the town by the residents' organisation,

established by French law, and maintained by the municipal authorities. This mutually satisfactory arrangement has developed from Genco's excellent relationship with the local mayor, Marcel Aumeran, who at 83 is France's oldest serving mayor.

More than 60 units are finished, and most of those are sold. Eight new villas are nearly completed and selling well. People are aware how expensive it is to find any decent property on the coast and are realising that "if they are not in the first line on the sea, it is better to be on the tenth line inland," Paquet explains.

To date, there are 13 Britons among the mainly French owners, plus a few assorted Europeans. Prospective British buyers include a Queen's Counsel and a British record producer and his singer/songwriter wife. Both couples were duly impressed on a recent inspection tour both by the country setting and the quality and design of the properties.

Construction is underway on 19 apartments, with some villas to follow. Genco is professional in its management of the building works, assuring that the peace of the development remains relative, undisturbed so that residents do not feel they are living on a building site. Roads are freshly-gravelled, common areas neatly maintained, and the swimming pool and tennis courts are in excellent condition. There's also a nine-hole golf course at Beaurallon, and a 36-hole course is planned for Ste. Maxime.

For shopping, just stroll 500 metres into the village where there is a weekly fresh market, or drive the eight km to the market in the town of Ste. Maxime. "Plan de la Tour is not living by tourism," says Philippaert. "It is a living area, and it is calm in the season."

Le Jardinier restaurant in the centre of town is a friendly place which serves good fresh food, while Hotel Mas des Bragassieres is a simply, pretty,

comfortable establishment where £30 gets a double room with bath and a quiet night's sleep. Just over the road, the more fashionable Hostellerie Ponte Romano boasts a three-star restaurant.

However, it must be said that Domaine des Mas de Saint-Pierre is not for everyone. It is neither a purpose-built holiday nor a retirement complex, but a group of houses and flats which is part of a small provincial French village. Hence, few people speak English.

Very much a "get-away" place, it is insulated rather than isolated from the high life on the coast, but it can require a certain individualistic and internationalist spirit to live with the French, not just among them.

Studio flats, which are small but bright, offer 28 square metres of living space, not including the balcony or terrace, and start at £18,000 (£23,500). One-bedroom flats begin at £44,600, and two-bedroom ones at £67,000. Villa town-

houses start at £67,500 but one can easily expect to pay at least £100,000 for a comfortable 3-bedroom one. Prices include VAT.

The architects and engineers have taken care to preserve a scenic view for each unit by grading the development so that windows are at elevations above neighbours' rooftops. All properties have a balcony and terrace or garden, although gardens are small. Rooms are not spacious, nor are they cramped. Bedrooms have cupboards, and bathrooms are well-fitted and of reasonable size. The villas have two full baths.

All properties are equipped with water, electricity, telephone, and sewage connections and kitchens are fitted with ovens, refrigerators, electric cookers and installation for a washing machine. Although they are not large, the kitchens are sensibly designed, with adequate working space and ease of movement between sink, refrigerator and cooker. Purchasers may choose from a

selection of kitchen finishes. A reservation deposit of 5 per cent is required and will not be refunded once the reservation contract is signed. Payment is then made in stages throughout completion of the building—if it is not already built—with the final 10 per cent paid when the keys are handed over. Most British purchasers have been paying cash in full, but a few have raised mortgages in the UK.

For UK purchasers, the British agent, Kenning Atlantic Ltd, has come to an arrangement with Prudential Property Services (PPS) to finance sterling-denominated mortgage loans. PPS is active in providing finance for foreign property purchases in Spain and Portugal as well, and can arrange remortgages, and second mortgages if necessary. The arrangement for properties at Domaine des Mas de Saint-Pierre is more straightforward because the properties are new.

For further information about Domaine des Mas de Saint-Pierre or to arrange an inspection visit, contact Maurice Lazarus, Kenning Atlantic Ltd., Kenning House, 118 Hanover Street, London, W1R 0BE. 01-499-8313

Susan Hart

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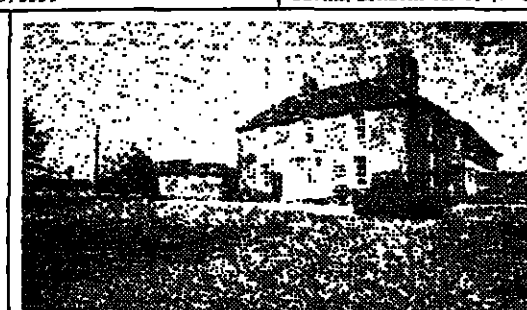
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## Booming and under-funded

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The best because they have been given some freedom and can now hang on to any money they raise from their shops, restaurants, publishing activities, etc. and because there is a growing enthusiasm for museums, reflected in such tangible gains as the recently opened Clive extension at the Tate to house the Turners; the go-ahead for the Sainsbury addition to the National Gallery (which should open in 1991, for planned "Tate of the North" by the Mersey, and the steady refurbishment of key galleries at the Victoria & Albert, to say nothing of its courtyard which blossoms again this month.

But it is the worst of times because the Government has under-funded the museums for the past three years in a steadily more debilitating fashion. The Natural History Museum is representative of them all. It received around £12m from the Government this year, a rise of 3 per cent. But wages and salaries account for 80 per cent of its costs, and, through negotiations with Civil Service unions in which its plays no part, its wages bill will rise by over double the increase in its grant. As a consequence the Natural History Museum has been forced to introduce admission charges from April 1 in an attempt to close a deficit of £1.5m which threatens to destroy the Museum's reputation as an international centre for education and enjoyment.

The short-sightedness of the Government's attitude is well illustrated at the Tate. Thanks to the generosity of Mrs Vivienne Duffield it has gained a grand new gallery. But with no extra cash to staff it it has had to close galleries in its main building to find sufficient warders. The National Gallery is 20 warders short. The directors of our leading museums are no longer prepared to remain silent as they face this unceasing battle to try to raise funds from business, friends and other sources, to make ends meet. Sir David Wilson of the British Museum has complained bitterly in public. Sir Michael Levey made it his despairing swan-song when he retired from the National Gallery in December; it has helped to persuade Sir Roy Strong to quit the V & A.

On top of the niggardly

revenue awards the museums purchase grants have been frozen for three years, which means it is virtually impossible for museums and galleries to enhance and stimulate their collections, particularly at a time of booming saleroom prices for works of art. The National Gallery gets £2.5m a year to add to its collection; it could not buy even half a decent Monet for the price.

Inadequate money for running costs and acquisitions would be enough to blight the most optimistic of spirits but now the major museums face another threat. In the sprint towards privatisation—which most directors welcome—the Property Services Agency loses its monopoly of repair work on the museums. Although there have been many complaints about the PSA it has at least shored up the V & A, which was in a very precarious structural state. New the Government intends to devote £27m a year for repairs, and there is a well justified feeling that this sum will be quite inadequate.

So on top of closed galleries and viewing days (although, thanks to the £250,000 or so net, raised by admission charges in its first year the V & A can now open on Fridays again from the autumn) the museums and galleries will face the worry of leaking roofs and subsidence. Sponsors have rallied round tremendously in recent years, keen to back special exhibitions and revitalised galleries, but they are not prepared to pay for new gutters, or air conditioning. At every level our top museums face a crisis. The years of deprivation are beginning to show in tatty rooms and boring displays.

But in contrast to the constant financial worries the top museums and art galleries are reaping in a critical renaissance. The Government has encouraged new thinking, and the scholarly depositories of the past are transforming into pleasure palaces, more concerned with capturing the imagination of the public than just servicing the pedantries of scholars. The V & A and the Natural History Museum are at the forefront in marketing their exhibits in special replica editions and selling their space and expertise. The National Gallery, the Tate and the British Museum are looking towards their publications departments, and their attraction to sponsors, to bridge their deficits.

Perhaps the most interesting



## Museums and Art Galleries

From Mayfair to Liverpool, from the trenches to tennis: FT writers cover a wide range in this special report

Innovations have taken place outside the traditional national institutions. The Government took over the funding of the Merseyside museums after the abolition of the local metropolitan council, and, with a grant of £8m, it is now the fourth largest museum in the UK, covering six sites and a staff of 500. It has launched an appeal for £1m to extend the Walker Art Gallery, is building the new maritime museum in Liverpool's docklands, and improving the appearance of the Lady Lever Gallery.

The other enthusiastic newcomer on the scene is the Royal Armouries in the Tower of London. It suffers from the over-powering presence of its landlord, but as a separately funded institution, it is attempting to build up its image by an active acquisition policy—it bought the Duke of Windsor's Scottish dress dirk at the Geneva sale of the Windsor jewel collection and has put it on display—and by imaginative marketing. A little imagination on the part of the Government could have a tremendous effect on the leading museums and art galleries. They have embraced marketing, and are keen to undertake a wider educational and populist role. By skimping grant increases the Government makes the lives of the directors a constant battle to find extra funding from companies in particular, rather than allowing them the time to improve and enhance their displays.

Antony Thornicroft

## Westward from W1

HOW MANY times have you paced up and down outside a gallery in London's Cork Street or St James's before plucking up courage to open the door? Or, once alone in its self-conscious space, have wanted to escape before a haughty assistant asked, not too convincingly, if they could help? Commercial art galleries are not renowned for being user-friendly. But, over the last year or so, an increasing number of owners have made their galleries more accessible, providing both a welcome and a wider variety of works of art, exhibitions and services to attract new customers.

In an attempt to bring a whole new set of buyers the Contemporary Art Society launched its innovative four-day art market four years ago in Smith's Galleries, Covent Garden. The idea of a supermarket full of contemporary pictures in the centre of a bustling shopping area (appropriate as the CAS is sponsored by Sainsbury's) has proved a resounding success.

Open until 8 pm, the market sells only works of art under 3 ft sq and priced under £800. That, or considerably less, could secure you an oil by a young college leaver or a drawing by an established artist like Anthony Caro, or perhaps a Patrick Proctor watercolour. As soon as a picture is bought it is taken off the wall for the customer to take away, and

another is put up in its place.

There is none of the frustration of a roomful of red "sold" stickers, and no embarrassment about asking the price because everything is clearly marked. It is all very straightforward—but much more fun than buying baked beans. This year's will be held on November 4-7.

Part of the market's success is its opening hours. Anyone who has spent a Saturday morning squinting between the bars of the security grills of each closed gallery around Cork Street will vouch that it is rarely a rewarding experience. But where W1 disappoints W11 now obliges. A new batch of contemporary galleries has opened around Portobello Road. In April the owners grouped together to publicise themselves and hold the first Portobello Contemporary Art Festival.

With lower overheads than their Cork Street or even Fulham Road counterparts, these galleries can afford to sell

works of art costing tens or hundreds of pounds rather than thousands. They can also offer more adventurous wares. The Special Photographers Company at 21, Kensington Park Road, for example, is one of only three galleries in London specialising in limited edition contemporary photographs—there are dozens in New York.

They represent 14 art photographers in the way that art galleries represent artists, and

have the work of about 60 more in stock. Prices for framed photographs range from about £100 to £4,000 for a one-off by Bob Carlos Clarke.

If that gallery is hoping to find the Julia Margaret Cameron of tomorrow, the former pop impresario Philip Solomon is scouting for the Francis Bacon. He is in the business of discovering talented young artists and promoting them into stars. Establishing the Solomon Gallery in Dublin six years ago, and in Bruton Place four years later, he moves up into Dover Street on June 25. He will probably be the sole dealer in the area to sell works by painters straight out of art school, as well as more established artists, for prices starting around £150. His gallery door will always be open, he insists—on Saturdays from 10 am to 4 pm—and that people walking in are never accosted.

So committed is his backing of the artists in his stable—seven painters and one sculptor—that he issues a receipt to every artist, guaranteeing at least their purchase price back any time in the following three years if they wish to return their work of art, or more if the artist's work has gone up in value. His eye has proved trustworthy so far. He quotes paintings by Nicholas Jolly and Nicola Council that were sold in the same show two years ago for £100-200. At Christie's

recently they fetched £1,400 and £1,500.

For those who cannot afford to buy the works of art they would like to hang on their walls or are racked by indecision, Lynne Sterne Associates offers a rental scheme with the option to purchase. The minimum hire period is six months, the minimum contract value £1,500 (£255 per six months).

This is just one of the services provided by this art consultancy for business and private collectors which opened in Albemarle Street, off Piccadilly. Lynne Sterne runs the business art gallery at the Royal Academy for 10 years—and many of the artists she exhibits are R.A.s.

The strength of the gallery is the broad choice it provides, of both artist and medium. Some 300-400 prints and 300 paintings are in stock, but there is access to the work of over 170 artists, including sculpture, textiles, stained glass, ceramics, collage and trompe l'oeil. Prices range from £50 to £10,000. Commissions can also be arranged. The gallery works closely with its clients, welcomes browsers and is open this month on Saturdays from 11 am-4 pm.

Saturday opening for a Bond Street or St James's gallery dealing in Old Masters is inconceivable. They do not even oblige with plate glass facades to peer through. More likely its sombre interior is discreetly curtained off with one choice canvas resting on a velvet stand as its only temptation—or it is simply an up-market barber's pole. Such art galleries are certainly not inviting, and indeed anyone brave enough to come in off the street would probably find the walls bare save for a few pictures no one seemed very interested in. But, if its window displays a card, however chilly, announcing an exhibition, do go in. You are bound to be welcomed and agreeably surprised.

Mid-June and Grosvenor House is traditionally the time when the press censures the art trade for their often astronomical mark-ups on items bought for considerably less at auction during the year. So it is a good time too to look at what a surprising number of Old Master and non-contemporary galleries regularly offer the public absolutely free.

Mathiesen Fine Art, tucked away in Mason's Yard off Duke Street, has consistently proved its purchase price back any time in the following three years if they wish to return their work of art, or more if the artist's work has gone up in value. His eye has proved trustworthy so far. He quotes paintings by Nicholas Jolly and Nicola Council that were sold in the same show two years ago for £100-200. At Christie's

causes, from the Courtauld Institute Appeal Fund to Tigray, and all have been open to the general public.

The rare appearance of both high quality Old Masters on the market, plus the expense of keeping them in stock for a number of years, has meant that such blockbusters have become increasingly exceptional. But what has grown is the number of loan exhibitions organised by dealers in association with provincial museums.

Last year alone saw Barbizon landscapes from the Fitzwilliam, Quercy drawings from the Ashmolean and early Netherlandish drawings from Edinburgh all at Hazlitt, Gooden & Fox. Another Bury Street gallery, Morton Morris, showed little known drawings from Birmingham's Barber Institute, and Wildenstein's works by Blake and his circle from the Fitzwilliam.

Similarly, Agnew's showed the Treasures of Fyvie Castle in aid of the National Trust for Scotland. Not only do these galleries provide a London showcase for exceptional collections and tempt Londoners to discover the riches to be found outside the capital, but they sponsor scholarly catalogues that museums and institutions cannot afford to publish themselves.

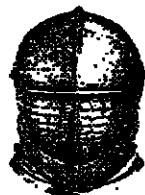
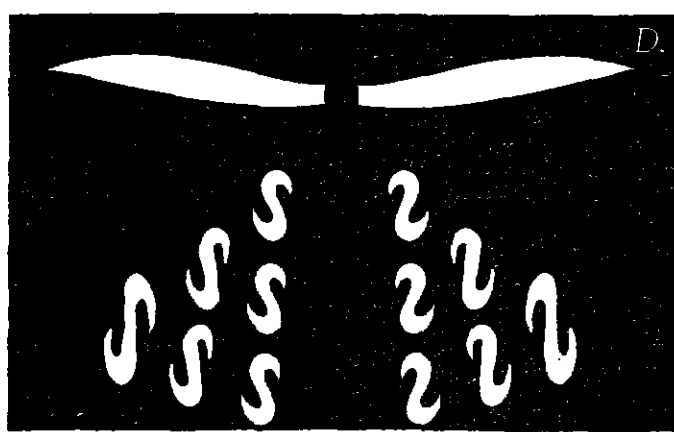
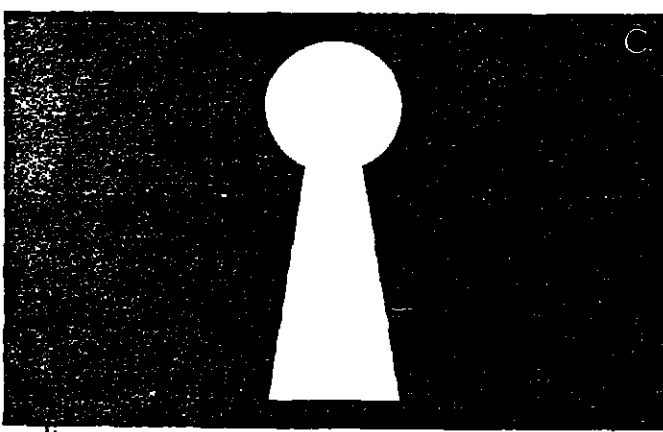
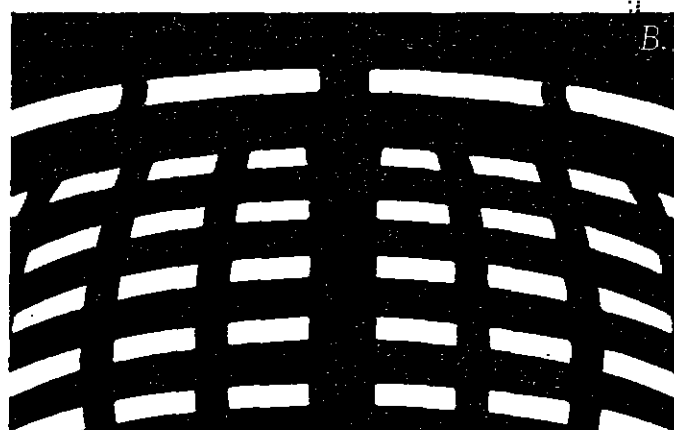
On a less exalted level perhaps, but none the worse for that, are the countless immensely enjoyable Spring and Autumn shows staged all over London. Agnew's annual watercolour exhibitions—this year was the 114th—are almost as much a London institution as the Chelsea Flower Show or the Summer Exhibition.

The Langton Gallery in Chelsea has been making people laugh for the past 18 years—its present, Bateman show continues at the Festival Hall until June 21. And I have never seen a gallery more full of people obviously enjoying themselves—that is, without a glass in one hand at a private view—than at Chris Beetles' recent exhibition of W. Heath Robinson. Of course, the works are for sale, but is free entertainment.

However much gallery owners nurture Walter Mitty-like illusions of building up magnificent stock collections or putting on amusing shows, they are in business to make money. But doubtlessly, they can help their clients invest well too. The Special Photographers Company might be aiming to create another market but it is only asking what a handful of dealers did so successfully to Victorian painting in the 1970s.

Susan Moore

## What was Henry VIII's view?



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Painted around 1574, probably by the great miniaturist Nicholas Hilliard, this spectacular portrait shows how Queen Elizabeth I wished to be seen by her subjects. See Gloriana in her full glory at the WALKER ART GALLERY.

**REVOLUTION**  
On Monday September 12th 1921 a massive unemployment demonstration culminated in violent scenes outside the Walker Gallery. Just one of the key episodes memorably depicted at the MUSEUM OF LABOUR HISTORY.

**SHIPWRECK**  
Disasters like the torpedoing of the great liner Lusitania by a German submarine in 1915 are just one aspect of Merseyside's long relationship with the sea - so memorably brought to life in the new MERSEYSIDE MARITIME MUSEUM.

**TEMPTATION**  
Fascinating oddities ranging from this tantalising confectioner's barrow to a Blue Streak rocket are on display at the Princes Dock outpost of the museum known as the LARGE OBJECTS COLLECTION.

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## When pollen is poison

NOW IS the season of the bloodshot eye, the runny nose, the sneezes and the wheezes—if, that is, pollen is your poison. To the unaffected, hay fever often seems a trivial matter. To sufferers, it can affect everything from the grades they get at A-level to safety on the road. What, if anything, can be done? DAVID LOSHAK looks at the diminishing choices . . .

AS MANY drivers know to their cost it is all too easy to be caught out by a breathalyser. But at this time of year, drivers could face a hazard at least as serious as too much drink, and often a lot more so, for which there is no test at all.

That is not the worst of it. The official drug safety watchdog, the Committee on Safety of Medicines, has issued new rules which seem deliberately designed to encourage the use of drugs which dangerously impair skilled behaviour like driving a car.

The real villain of the piece is hay fever. As summer approaches, the pollen count rises, this medically trivial but individually distressing or even disabling condition, can put thousands of people out of action for days or even weeks. For students sitting vital "O" and "A" level exams, or for company executives and self-employed businessmen, it is a confounding nuisance which they expect medical science to be able to relieve.

There are modern medicines that exist to help them—the anti-histamines. The trouble is, most of these cause drowsiness, memory lapses, dizziness, loss of concentration and slow reactions. Indeed, anti-histamines are sometimes actually prescribed as sedatives.

There are two alternatives to such anti-histamines. The first are vaccine injections which desensitise allergy sufferers against whatever it is they are allergic to—pollen or mould spores, or even the house dust mite.

But these too have a drawback. Over a period of 30 years, 26 allergy patients have died following an injection from a condition known as anaphylaxis which can quickly stop the heart. Eleven of these patients have died in the past six years, as the treatment has become more popular.

The risk ranges from 1 in 500 injections for the least severe vaccine and as low as 1 in 28,000 for the least dangerous. The committee has not banned the injections outright but is to lay down new rules about when and how they may be given. These are so strict

and require such stringent after-care that in practice such treatments are now almost impossible to follow through.

There are no precise figures on how many people who could have done with them are now denied the desensitising injections. And that is why new and larger risks now arise.

For unless sufferers take to quack and unproven remedies, they are thrown back on to the anti-histamines which tend to knock you out.

Happily, however, there is a second alternative to the anti-histamines. A new generation of these products which came on to the market in the 1980s, is designed to bypass, or at least not deeply penetrate, the central nervous system. Unlike the older anti-histamines, they do not cross the blood-brain barrier and go for the so-called H<sub>1</sub> receptors in the brain to which histamine binds. Instead, they actually block the effects of histamine on the receptors.

Thus they avoid the hazardous sedative effects and because of their long-lasting action they need be taken only once a day. But even with these there is a problem. Like most newly developed medicines, they cost more, and family doctors are under constant health department pressure to curb prescribing costs. Despite their advantages, the second generation, non-sedative anti-histamines are still not usually prescribed.

But no one has worked out the cost to the NHS and society generally of the accidents that will almost certainly occur on roads and in factories as a result of drivers and machinery operators taking conventional anti-histamines.

Reaction slowed by even a few milliseconds can make a life-or-death difference on the motorway. Professor John O'Hanlon, director of the Institute of Drug Safety and Behaviour at Limburg University, Holland, says tests to determine the safety of danger of medicines used by thousands of drivers with allergy conditions are "absolutely essential."

Trials of one new anti-histamine, a white powdery chemical called astemizole, show that it does not affect driving performance or cause sedation. Like all drugs, astemizole and the only other non-sedative anti-histamine, terfenadine, are not without side-effects, but these amount only to dry mouth, mild headache and the possibility of some weight gain.

So what should hay fever victims and others with similar allergies do? The best approach is to talk the problem over with the family doctor. No good GP should mind discussing prescribing specifics with a patient who is well-informed.

WITH APPROPRIATE pomp and circumstance the National Maritime Museum at Greenwich is today celebrating its 50th anniversary. There are wherry races on the Thames, a special exhibition of all manner of wooden boats and, of course, the band of the Royal Marines.

While the museum joyfully recalls its past, many of its 340 staff are anxiously contemplating a future which is far from plain sailing.

The museum is now engaged in one of the biggest, most fundamental shake-ups in its history. About 10 per cent of the staff have lost their jobs, there has been a net loss of more than a dozen posts and several departments have been themselves distinguished scholars with international reputations in their specialised fields, have been invited to "reconsider their future with the museum."

It has been an upheaval which Richard Ormond, the director, describes as "traumatic."

There have been tears, protests, lampoons and dark warnings that the reputation of the museum as a repository of naval lore and scholarship has been jeopardised; but although Ormond says frankly that some of the decisions have been "agonising" he remains unmoved by all the fuss.

"We just couldn't continue as we were," he says. "It's all about money and the proper allocation of resources and if nothing had been done, within two years the museum would have been insolvent."

What makes the dispute all the more bitter is that the changes are being introduced by a man who is new to the job and has no Navy background.

The old-timers complain that the number of people with a maritime background at Greenwich can now be counted on the fingers of one hand.

Richard Ormond, 48, is an art historian by trade, an acknowledged expert on early Victorian painters and author of standard works on Lord Leighton and Sir Edwin Landseer. He went to Greenwich as head of the picture department from the National Portrait Gallery. He was promoted to the top job after the departure last year of Neil Cossons to the Science Museum.

Like Cossons, who is now being mentioned as a possible successor to Roy Strong at the V and A, Ormond is one of the new breed of museum administrators who have grown up in the stringent environment of the Thatcher years. Far from being a cloistered academic, Ormond talks passionately about new management techniques, about marketing, and the need to be more entrepreneurial. "If we are to do a proper job we must husband our resources and allocate them more efficiently," he maintains.

In introducing the new blueprint, Ormond wrote: "The museum was not well managed, with no concept of an overall aim. It was fragmented into small groups operating on their own competing for available staff and financial resources. The emphasis on expansion was



The National Maritime Museum . . . turbulent waters

often idiosyncratic; there was not enough central direction; there was little co-ordination between sections; resources were not always used to best advantage." In short it was a powerful indictment of the old regime.

Under the leadership of Dr Basil Greenhill, the museum underwent tremendous expansion in the 1960s and 1970s. "Greenhill turned it from being a rather parochial place into a major national institution," Ormond says.

covered that of the £4.7m the museum received in government grant, no less than £3.6m (86.5 per cent) was going on wages. With the grant rising at only 2 per cent a year and with Civil Service wages going up at around 5 per cent a year, the museum's future looked decidedly bleak, despite the introduction of admission charges a couple of years ago. "The plain fact," says Ormond, "is that if we had done nothing, by 1990 we would have been bust."

The staff cutbacks which will save around £350,000 a year are only one part of the survival plan. More fundamental are the management changes Ormond is introducing. The new director is highly critical of the previous set-up. He says that the museum was not being run as an integrated unit but was a series of separate, self-contained fiefdoms whose bosses, the curators, jealously protected their territory against all comers.

"At times it seemed as if there was not one museum but eight," he recalls. "And the loyalty of the staff was not to the museum but to their individual departments." Furthermore, he adds, the curators were insufficiently cost-conscious. "Traditionally they have regarded themselves as custodians of their collections," Ormond says. "They never worried about money or even asked where it was coming

from. They assumed that all that was looked after by somebody downstairs. That's an attitude that has got to change."

Many of the traditional demarcation lines have disappeared as departments have been swept away or broken up. The navigation department has borne the brunt: charts have been merged with ships' plans and navigational instruments have found a new home. But the archaeological section too has been triaged and activities like filmmaking put out to contract.

Among the staff criticism has been fierce and often emotional, particularly as the changes were announced with little or no warning and with a minimum of consultation. "The whole point of this place," says one middle ranker, "is that it is the last stop for maritime freaks but they have all been fired." Another more senior member says sadly: "You can't run a museum like a business. Over the years we have accumulated an immense body of expertise which comes from people sticking to their speciality over a very long period of time. All this is now being dissipated in the name of flexibility."

Ormond concedes that these changes have not gone down well and admits that there has been some damage to the museum's academic reputation. But he asks, how do you reconcile scholarship with the need to operate a more efficient, corporate style of organisation? That is the central problem, Ormond believes, and it is not the only museum director to have embarked on this particular course—which is why his colleagues are watching his progress with such interest.

Stephen Aris reports on a maritime upheaval at Greenwich

## Storm over museum cuts

Collecting Janet Marsh on a cartoonist who mirrored history

## Reflections of a dirty war

NEXT MONTH is the centenary of the birth of Bruce Bairnsfather, and the occasion deserves to be commemorated. He was a cartoonist who, for a brief but historic period, shared with his most famous creation a celebrity status that won them fame and affection throughout the British Empire. Now, 70 years on, Bairnsfather's "Old Bill" is still firmly established in British folklore.

Though Old Bill is the voice of the ranks, his creator belonged to the officer class. Bairnsfather was born on July 9 1887, in a hill station in India, where his father was a staff officer with the Bengal Infantry. At eight he was brought back to England and—the inevitable fate of Army children—boarding school. In classic style he neglected his studies, covering his exercise books with cartoons. He dutifully tried the Army,

but resigned to study art. Painting, however, did not bring in a living, and Bairnsfather became a salesman and electrical engineer for a firm installing generators.

But within a month of the outbreak of the First World War in 1914, he again joined up, this time in the Royal War Machine. In France he saw all the horrors of the front—mud and lice and poor rations and the appalling mortality—and though wounded and shell-shocked, he returned to service.

All the time he drew, sometimes on the walls of temporary billets, to amuse his comrades. On an impulse he submitted a cartoon to "The Bystander"—choosing the magazine for no other reason than that its format suited his picture. Soon he was contributing weekly cartoons to the magazine. The joke most often lay

in the Tommy's gift for understatement. For instance, in one a sniper on a chimney stack, which has just been dramatically shot from under him by a shell, mildly observes: "They've evidently seen me."

In November 1915 however, "The Bystander" published a cartoon which caught the imagination of the nation to an extent which is today hard to conceive. It simply showed two soldiers in a fox-hole, with shells bursting all around them. "Well if you know of a better 'ole, go to it!" says one, with irritation, to his evidently complaining comrade. The magazine sold out instantly; the cartoon was endlessly reprinted and copied; and "a better 'ole" became proverbial.

The public and the troops waited eagerly for each Bairnsfather cartoon. One among his earlier army characters soon began to dominate—an untidy, moustachioed old soldier, stoic, skiving, resourceful, usually wrapped in balalaeva and muffler, and always ready with a sardonic quip. "I love these old work-wearing, lively, these contained slackers old soldiers" wrote Bairnsfather, adding "if you were lying wounded in the middle of a

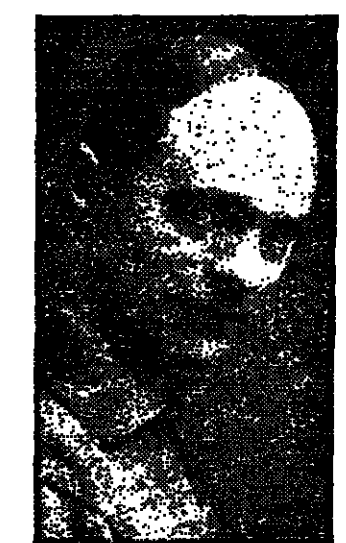
barrage, that same man would come and pull you out."

Unfortunately, the English establishment was less amused by Bairnsfather's humour and humanity. "The Times Literary Supplement" voiced official disapproval: "When the Empire laughs, we must remain dumb . . . Nothing so quickly lowers morale as slovenliness . . . yet here we have an Army officer who invariably depicts his men as the very type which the Army is anxious to suppress."

So it was that Bairnsfather, whose cartoons were perhaps the greatest individual contribution to the morale of the British Empire in the First World War, was never to receive any sign of official recognition.

The public's love for Old Bill and his creator was more than enough compensation. Old Bill was at various times brought to the stage and screen: a musical "The Better 'Ole" was the runaway success of 1917. In one of several film manifestations, Old Bill was played by Charlie Chaplin's brother Sydney.

For years Bairnsfather himself toured the music halls and lecture circuit talking about Old Bill's War, largely because he needed the money. From all accounts he was an unvary-



Bruce Bairnsfather . . . poor head for business

ingly charming and generous man, but with a poor head for business.

Disastrous business adventures resulted in bankruptcy, and his later life—he died in 1959 at 71—was far from easy. He remained loyal and loving throughout his 30-year marriage, even though his wife's alcoholism was a constant source of anxiety and embarrassment.

If officialdom still shuns Bairnsfather (the Imperial War Museum declined to do an exhibition claiming "his work is of sentimental interest but dubious artistic value"), he is

still celebrated by many loyal enthusiasts and collectors. The vade mecum for these is Tonia and Valmai Holt's book, "In Search of the Better 'Ole" (Milestone Publications, 1985) which provides both a definitive, sympathetic biography and a guide to Bairnsfather collectables.

Paper collectables range from original drawings—which cost from £10 to the low hundreds when they appear in the sale rooms—to the series of paperback booklets "Fragments from France." In fact, the war cartoons were reprinted, along with Bairnsfather's various wartime reminiscences, and all the ephemera relating to theatrical and film productions.

There is also an extensive variety of ceramic mementoes of Bairnsfather and his creation, including several teapots, jug models of Old Bill. In 1917 the Grimwade pottery launched "Bairnsfatherware," inexpensive china decorated with cartoons. Judging by its survival rate, it must have been a highly successful line for at least a decade. The rarer items of this kind are just starting to creep up past the £50 range. Aesthetically it may be dubious, but as a mirror of history it is poignantly evocative.

In August there will be a special sale of Bairnsfatherware at Phillips and his auctioneers. Phillips will also present a special Centenary Exhibition (largely drawn from the Holt collection), which will later transfer to the University of Kent.

POLO RALPH LAUREN



Harvey Nichols, Knightsbridge, London SW1, 01-235 5000.

## Australia's quiet revolution

THE excellent value for money of Australian wines in terms of quality is being increasingly appreciated here in Britain, and not only because of the fall in the Australian dollar. For the wines are now better and represent a revolution in wine-making that has been going on for more than 30 years.

In *The Great Australian Wine Book* (1986, David & Charles, £30) James Halliday, the well-known wine writer and wine-show judge, writes: "The typical Australian red wine of 1950 was red-brown in colour, verging on black. . . . It had a distinctive roasted aroma; both its smell and the porty, jammy fruit flavours indicated it had been made from late-picked grapes and/or from grapes that it was high in alcohol."

Visitors from overseas stood in some awe of such wines, particularly as almost every one they tasted seemed identical to the last.

And as for the white wines, it was "the poor, and often forgotten, cousin. Not only was far less white wine made and sold than red, but all the critical attention was paid to the red wines."

Today the white wines have led the way in the appreciation of Australian wines and account for 60 per cent of all made. Accordingly, Oddbins' promotion of nearly 30 antipodean wines in all its 83 branches is to be welcomed. Most come from South Australia, which produces nearly two-thirds of Australia's wines, and three are from New Zealand. Here are some notes on wines that I found particularly attractive.

**WHITE**  
Rhine Riesling 1986, Barossa Valley Estates (£2.40). The German-colonised Barossa Valley was a pioneer Australian wine district, and the Rhine Riesling is the country's most prolific quality grape. This wine has a real Riesling flavour, and is fruity and fresh.

Yenda Chardonnay 1986 (£2.99). Coming from the Riverina district of New South Wales, nearly 500 miles southwest of Sydney, this has a real Chardonnay character, with an aroma that suggests oak, though



High Street Wine

in fact it saw no oak. Round, long-flavoured.

Penfolds Bin 69 Semillon 1982 (£2.99). Semillon in Australia produces a distinctly different wine from its Bordeaux original. This mature example has a slight colour, a honeyish nose, and a smooth, ripe flavour. Very good value.

Orlando Chardonnay 1986 (£2.99). Another Barossa Valley wine, this really was fermented and aged in oak (the vintage there begins a good six months in advance of Europe). It has a lot of character and class.

Rosemount Chardonnay 1985/86 (£4.89). From the Upper Hunter River Valley of New South Wales, this has a "lead-pencils" bouquet, and is a relatively soft, but distinguished Chardonnay.

Ch. Reynella Chardonnay 1985 (£4.99). Ch. Reynella is Australia's oldest continuing winery, south of Adelaide, established in 1838 by John Reynell from Devon, and now owned by the firm of Thomas Hardy. Lighter than some of the other Chardonnays it is fresh and lively.

**RED**  
Shiraz/Malbec 1985, Barossa Valley Estates (£2.69). A much lighter wine than the two grape varieties might suggest. Pale in colour, with a clarity bouquet, a nice picnic wine.

Penfolds Bin 2, Moolree/Shiraz 1982 (£2.99). A much

fisher combination with a lovely nose and a rich, round, mature flavour. Excellent value.

Orlando Cabernet Sauvignon 1984 (£3.99). Unlike in Europe 1984 was a better vintage in Australia than 1985. This is fairly light-coloured, has a real Cabernet Sauvignon, clarity taste and is a fully mature wine.

Penfolds' Cabernet/Shiraz Bin 389 1982-83 (£6.69). This blend, one of Penfolds' best-known, would be likely to be greeted with equal horror in Bordeaux and the Rhône but it shows the inquiring initiative that has inspired much Australian wine-making. Completely mature, it is somewhat brown in colour and has a fine "old" bouquet and a soft flavour.

Grange Hermitage 1980 (£19.95). This is Australia's most celebrated red wine and is made in small quantities on the northern edge of Adelaide. A blend of 95 per cent Shiraz and 5 per cent Cabernet, it has

a huge colour and an enormous concentrated flavour. An experience to drink and Oddbins might as well have added the missing 5p.

Edmund Penning-Rowell

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## DIVERSIONS

## The jeweller as an artist

DON'T whatever you do, miss the Lalique exhibition currently on at The Worshipful Company of Goldsmiths, Goldsmiths' Hall, Foster Lane, London EC2. The name of Lalique still rings around the world but for most of us, it is glassmaking that has ensured his fame. Few of us have ever had the chance to see Lalique's jewellery, the works that made him in his time the most famous goldsmith and jeweller of the day.

So grab this chance now and go and see this amazing collection, some called from the Victoria and Albert, other pieces from far-flung museums but the most spectacular collection borrowed from the Museum of the Gubbenhan Foundation in Lisbon—these were the pieces that Lalique made to order for his great friend and patron, Calisto Gubbenhan.



Female and dragon fly ornament by Lalique

lilies and nymphs, the angels, dragonflies and butterflies, the drooping flowers, seared leaves. They are haunting, beautiful and poignant reminders of a

decadent, sensual, long-vanished time.

\*The exhibition is open from now until July 24, 10.30 am to 5 pm Mondays to Saturdays.

ANOTHER exhibition not to miss—the display of Guy Taplin's marvellously simple and eloquently moving birds at Courcouron and Courcouron, 80-82 Crane Street, Salisbury, Wiltshire, SP1 2QD. Regular readers will know by now that I am an ardent fan of Guy Taplin's birds, which I have loved ever since I first set eyes on those extraordinary simple shapes, miraculously carved from passing pieces of driftwood, somehow capturing more of the true feeling of "bird" than many a more elaborate sculpture.

The exhibition is on from June 15 to July 11. Prices start at £25 and go on to £2,500, while the preening mallard is £375.



A preening mallard by Guy Taplin

## Note worthy

EVEN to a stationery freak like myself, liable to find interest in even the plainest of note-books, the new Annie van der Horst range from Copenhagen stands out as being quite exceptional. So beautiful is it that I have the utmost difficulty in parting with any of it and it is only the closest, dearest of friends, who actually receive any of the cards I bought.

What is it, then, that makes the range so special? All the graphics are based on the richly sensual floral paintings painted in the first half of the 19th century in Denmark—a period of glorious flower painting, which has since become known as the golden era of Danish painting.

The stationery, whether diary

covers or postcards, all feature images from the works of some of the most ravishingly beautiful painters of all time. Roses in their prime, strawberries, daisies, cornflowers, bluebells tumble over the cards and gift tags, the covers and the tote bags.

For the moment the range is exclusive to Fortnum & Mason, Piccadilly, London W1. Prices range from 85p for postcards (each comes with an envelope in a colour that picks up one of the tones in the card), £1.20 for folding birthday cards, £2.90 to £5.00 for tote bags, £1 for the long gift tags, 50p for small gift tags and £7.50 for a diary. Fortnum & Mason will deal with postal orders.



Drawings by James Fergusson

## Healthy eating—and entertainment, too

Japanese cuisine for the mass market is coming to London, reports Peter Fort

THE EGON RONAY Organisation, in collaboration with Birdseye, has produced a Guide to Healthy Eating Out. The Lord knows whether our age and generation will be forgiven these follies. No folly of course on the part of Ronay and

his team; lots of people will buy it, presumably Birdseye has stumped up generously and everyone will be happy. Perhaps the real value is as a shot of propaganda encouraging us to give a bit more thought to our diet over the years.

But what is in my hand is a restaurant guide comprising a vivid cross section of places to eat, from posh London expensive account restaurants like the Dorchester and the Caprice to modest wine bars and cosy vegetarian hideaways tucked

away in country towns. Who is going to use it—and what for? I think I am just beginning to understand what healthy eating is, although I expect to learn quite soon that I have been misled. But I cannot for the life of me imagine how my decision whether to take Aunt Agatha to the Dorchester or to Claridge's next week has got very much to do with my (or her) future as a living organism.

Oh, but it's your habits over time that count. Well, exactly so—and how many of us habitually day after day consult a restaurant guide about where to go? Commercial travellers? I don't think so.

If I am a vegetarian arriving in Glastonbury, it's useful to be told where the vegetarian place is. But Franco's Italian restaurant in Basingstoke probably commends itself on quite other grounds than the fact that if I stick to the minestrone and a grilled Dover sole I'll be okay calorie-wise.

However, it's not my aim to abuse Ronay's pioneering effort. Since I don't wish to take issue with him about what constitutes healthy food (my brain, if not his, whirls with the complexities of it) let me draw a brisk and facile map conclusion from his labours: outside London you'd better be a vegetarian and in London you'd better be Japanese.

Seventeen of Ronay's London recommendations are Japanese restaurants, which is a good start. The two main problems with Japanese restaurants have always been that they are all in London and they are never cheap. Both these factors suggest that they are really catering for Japanese customers, which again can make them rather daunting for timid eaters out.

These things may be changing a bit with the arrival of the Benihana. The first Japanese-style meal I ever had was at a Benihana in Manhattan many years ago. Now they are to be found all over the US, not as ubiquitous as MacDonalds but based on rather similar thinking.

The chain is driven along by a thrifty young Japanese-American entrepreneur, Rocky Aoki, so when finding myself in New York I heard that a



FOOD FOR THOUGHT

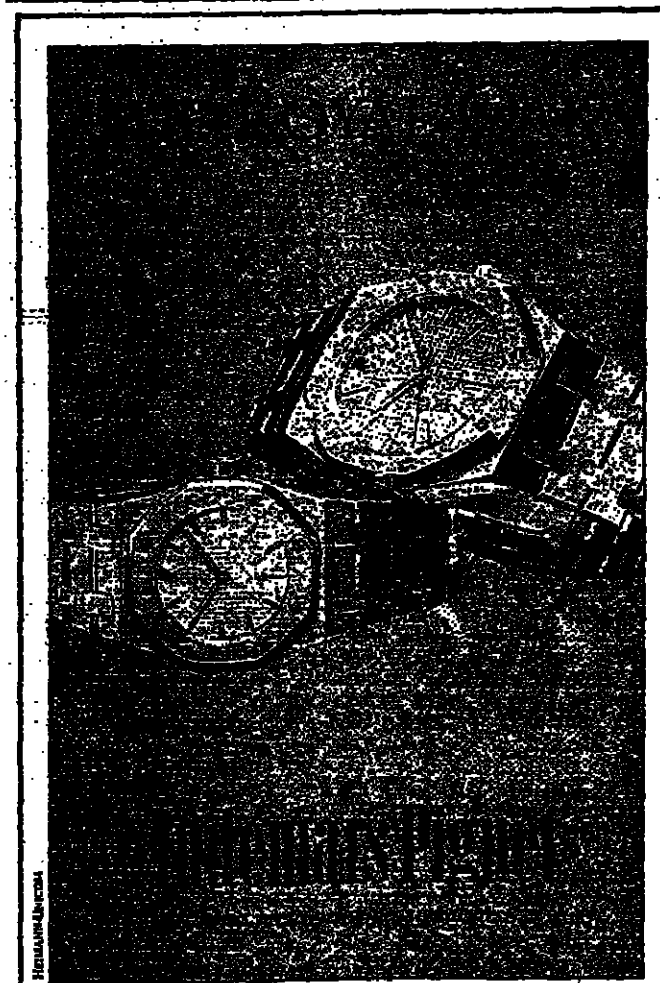
London Benihana was in the offing. I called in to see Aoki to hear his plans.

The tale he told was not of the exquisite tinkling qualities of Japanese food, its sparseness, pretentiousness and healthiness. He aimed to break Japanese food out of its self-imposed strait-jacket of exclusivity and bring it to the mass market and the whole family as a fun-eating experience in other words to Americanise it. Perhaps the faddy dietists, the very smart and the crypto-vegetarians will be trampled down at the doors by the crowds of families out for good time with the kids—and blow the expense. Oddly though, lunch is served only on Sundays, as presumably it is from Milwaukee to Las Vegas.

Benihana was my modest introduction to Japanese food and may serve the same function for many others. Those for whom Japanese food means raw fish, seaweed and tofu don't need the beginners' course.

It's a style of cuisine that can't be done very readily at home. Apart from the exceptional chopping and handling skills required—and they are exceptional—any Japanese cook worth his dashi can draw a crowd. The whole idea really doesn't work at all when just thrown together. A dollop of tofu with a great mess of seaweed alongside may be a fad-diet's heaven, but it's not very attractive.

And of course it's the element of theatre in Japanese cuisine—the slicing and snipping, the flicking of fresh things into scalding liquids—which has made Aoki so successful in Memphis and Indianapolis. To those of us who rate fast food and American "entertainment-dining" at the other end of the spectrum from the wholesome and worthy things of garden and sea, it's a revelation. Health foods as entertainment? Try it and tell yourself why not.



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Lucia van der Post

FOR SUMMER meals The Conran shop, 77 Fuiham Road, London SW3 has gorgeous giant candles. So wide and sturdy (14 cm in diameter, 18 cm high) that they don't need a holder, but sit firmly on the table, they come in black, white, blue, jade, orange and green and sell for £9.50 a time. Known as the Beacon Candle, they can't quite compete with beacons for light, but they are a lot more romantic. (They can be posted to you for £2.35 p+p.)



Anne Morrow

CHEAPEST way of cheering up (or softening up) rather dull garden furniture is to add cheap and cheerful cushions. At the rapidly improving British Home Store branches you can find them in five different designs (the nicest, I think, are the plain beige, red and white check, and the white with red stripes, but there are also two other floral patterns) for just £4.99 a time.



## Classic boots

MANY an American and many an Italian will know exactly what you are talking about when you mention Timberland boots. In the barely 20 years since the brand was launched on the market they have become classics of their kind—classics in a way that 50ls and Raybans are classics; sought after by aficionados for their peculiar combination of durability, practicality and style.

It has taken 20 years for Timberland boots to reach this country, but now that they have, they seem to have been seized on not only by walkers, hikers, mountaineers and rangers, but also by many a follower of high fashion who is unlikely ever to be seen up a dale or down a fell.

To Timberland this is scarcely surprising. In Italy the Tan Buck Boot in winter and its Range Rover shoe in summer have become essential footwear for the Paninaro set—the fashionable young who gather in trendy cafes.

Whistles, the up-market, up-to-the-minute UK fashion chain, has just bought exclusive British rights to the new women's version of the Timberland boot for its autumn collection. This is the strongest, sturdiest boot in the Timberland range, designed for sub-zero Arctic conditions, worn by competitors in the 1,000 mile husky race across Alaska every year. Watch the rush when these boots go on sale in Whistles branches in September. Somehow I don't think it will be the walking, hiking and climbing set queuing up for a pair.

The charm of the Timberland boot is in its combination of practicality (almost indestructible, and 100 per cent waterproof) and quality: sturdy leather in pale butter yellow, dark tan, or brown; fine stitching, hand-stitched (which means you buy them broken-in); the rawhide laces, the real brass eyelets, and for those in a hurry, the "Nato" speed lacing systems.

The boots originally made for the American markets are all available over here, from the sturdiest (the Iditarod Super Boot at about £200) to lighter (but still sturdy) boots for the hiker, fisher and shooter, as well as informal footwear like the famous boat shoe or dockers at £65 a pair.

To suit our milder climate, there is also a range of good lightweight walking boots—these have Gore-Tex/Cambrelle waterproof lining, and they're all at between £111 and £124, depending on the style.

Choosing a boot, as any walker knows, is an intensely personal matter, so anybody



The Iditarod Super Boot, soon to become a fashion classic



The Tan Buck Boot, the walker's favourite

looking for good sturdy boots—whether for walking, climbing, or just loafing about fashionable cafes should make a point of going to a stockist with a wide range, and then trying them on in large numbers until you find a pair that suits you.

I recently tried out the Tan Buck boot on a weekend of walking in the Yorkshire Dales—the boots lasted a lot better than I did. After many a mile up and down dale they were dry, comfortable and had kept my feet beautifully protected from jolts, jars, damp and mud (my muscles were another story). One ankle was rather sore but I put that down to inadequate socks (a must for proper walking).

Good ranges of the boots can be seen at those two shops, at Harrods, at many good country shops (those specialising in outdoor gear) as well as specialist fashion shops. If you have trouble finding a local stockist write to: ATOC (short for A Touch Of Class) at 23, Pembroke Square, London W2.

## Cookery

## Happiness is an Italian meal

WHAT MAKES Italian cooking so appealing to cook and diner alike is its unpretentiousness and its sense of joie de vivre. While the French are unrelenting in their pursuit of culinary perfection, so critical, so analytical that their meals sometimes seem like a series of clinical trials, the Italians just get on with enjoying the pleasures of the table. They are dedicated to the idea that meals should be happy as well as delicious occasions.

Good Italian cooking is an essentially domestic art. Invariably the best meals in Italy are to be found in the home, not in restaurants. And it is notable that the most delicious dishes are not reserved, like the best china or silver, for dinner parties; they are regularly cooked for the pleasure and happiness of the family.

No Italian writer has done more to inspire and instruct the English-speaking world about her native cuisine. The gospel began with The Classic Italian Cookbook, followed by another best-seller, The Second Classic Italian Cookbook (both available from Papermac). These are now joined by a third volume Marcella's Italian Kitchen (Macmillan £12.95).

As the title implies this is more personal, less classically Italian, than earlier books. In the preface she acknowledges that nearly two decades of teaching and writing have transformed Italian cooking, for her, into a profession. But when I step into my kitchen I am still the woman who learned to cook to please her family and friends. The only kind of cooking I have ever cared for is relaxed and unpretentious... simple food that has only one objective: to taste good. The message and the recipe seem to me irresistible.

**FETTUCCINE WITH LEMON** (serves 6)  
2 oz butter; 2 pt double cream; 2 tablespoons lemon juice; the grated zest of 4 lemons; fettuccine made with 3 large eggs and about 8 oz flour; 14 oz freshly grated Parmesan—plus more for serving at table.

Choose a skillet or sauté pan large enough to accommodate the cooked fettuccine later. Put in the butter and cream and turn the heat to high. When the cream begins to boil, add the lemon juice and stir

thoroughly. Add the grated lemon zest. Continue stirring while you reduce the cream to half its original volume. (Do not reduce it completely because the fettuccine will be tossed with it later in the pan and absorb it all.) Turn off the heat.

Drop the pasta into a pot of abundant boiling salted water. When cooked, but still quite firm to the bite, drain it and transfer to the pan with the lemon sauce. Turn on the heat to medium, and toss the fettuccine thoroughly in the sauce for 15-20 seconds.

Transfer all the pasta and sauce from the pan to a warm serving bowl. Add the grated cheese, toss two or three times, then serve at once with additional grated cheese on the side.

**NOODLES WITH SPINACH AND TOMATO** (serves 4-5)

One lb fresh spinach; 1 lb ripe fresh tomatoes; 8 tablespoons extra virgin olive oil; 24 teaspoons chopped garlic; salt and black pepper; tagliatelle or fettuccine made with 3 large eggs and about 8 oz flour; freshly grated Parmesan.

Cut off and discard the root end of the spinach, separating all the leaves. Soak the spinach in a large basin filled with cold water. (I use the kitchen sink, after washing it thoroughly clean.) Lift the spinach out of the basin or sink, taking care not to scoop up any soil that will have settled to the bottom. Rinse the spinach in several changes of cold water until there is no more grit on the leaves.

Drain well, using one of those salad spinners if you have it. Otherwise, wrap the leaves in a large tea-towel and shake the water through—just as effective. Chop the dried spinach, not too finely, and set aside.

Put enough water into a saucepan to cover the tomatoes and bring it to a boil. Put in the tomatoes. After 2-3 minutes, drain them and let the tomatoes cool just enough so that you can handle them. Peel, split, remove all the seeds that scrape away easily, and cut the flesh into narrow strips.

Choose a sauté pan large enough to accommodate all the chopped spinach. Put in the olive oil and garlic and turn on the heat to medium. Cook

until the garlic turns a pale gold colour. Add the spinach, salt and a few grindings of pepper. Cook, stirring frequently, for a minute or two.

Add the tomatoes and lower the heat to cook them at a gentle simmer. Stir from time to time. When you see the oil separate from the sauce (in about 20 minutes or so), the sauce is done.

Drop the noodles into a pan of abundant boiling salted water. When they are cooked but still firm to the bite, drain them and toss immediately with the sauce. Serve with a generous sprinkling of freshly grated Parmesan cheese.

**NARROW NOODLES WITH SAFFRON AND VEAL** (serves 4-6)

1 oz butter; 1 tablespoon vegetable oil; 4 tablespoons chopped onion; 12 oz minced veal (preferably from the shoulder); salt and black pepper; ½ teaspoon powdered saffron; 6 oz double cream; tagliolini (or strettette as they would be called in Bologna)

made with 3 large eggs and about 8 oz unbleached flour; freshly grated Parmesan for the table.

Put the butter, vegetable oil and chopped onion in a frying pan or sauté pan and turn the heat to medium high.

When the onion turns pale gold, add the minced veal. Cook the veal, crumbling it with a fork and turning from time to time, until you have browned it all over. Sprinkle with salt and generous grindings of pepper, turning the meat two or three times.

Add the saffron and cream, and reduce the heat to medium. Reduce the cream, stirring frequently, until it is no longer runny.

Drop the pasta into a pan of abundant boiling salted water. The moment it is tender but firm to the bite, drain them, toss immediately in a warm bowl with the sauce. Serve at once with grated Parmesan cheese in a bowl on the table.

Put the butter, vegetable oil and chopped onion in a frying pan or sauté pan and turn the heat to medium high.

When the onion turns pale gold, add the minced veal. Cook the veal, crumbling it with a fork and turning from time to time, until you have browned it all over. Sprinkle with salt and generous grindings of pepper, turning the meat two or three times.

Add the saffron and cream, and reduce the heat to medium. Reduce the cream, stirring frequently, until it is no longer runny.

Drop the pasta into a pan of abundant boiling salted water. The moment it is tender but firm to the bite, drain them, toss immediately in a warm bowl with the sauce. Serve at once with grated Parmesan cheese in a bowl on the table.

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## K. Natwar-Singh on the cult of the Raj and its hold over the British mind

# Administrators and ancestors in India

**THE GOLDEN ORIOLE: CHILDHOOD, FAMILY AND FRIENDS IN INDIA**  
by Raleigh Trevelyan.  
Secker & Warburg. £15.95, 560 pages

**YET, ANOTHER Raj book?** Yet another outpouring of the infantile nostalgic fixations of pukka sahibs and insufferable memoirists? Once more the stale air of unendurable and well-forgotten viceregal balls? Have we not had enough of them?

I thought the law of diminishing returns had finally caught up with the Raj industry. Not quite. Raleigh Trevelyan, who was born in India where his father was serving in the army, has given us an unusual, unpretentious, absorbing, non-pukka sahib book which keeps out bias as far as possible from his recollections.

Autobiography, history and geography combine to bring 19th century India alive: "Sir Charles Metcalfe used to travel out at weekends by elephant as he found it easier for reading." The Brits of the Raj were indefatigable diarists and compulsive diarists. Many wrote learned books on obscure subjects. Others discovered Indian history for the Indians.

Here full use is made of their letters. We have copious quotations from Metcalfe, Macaulay, Charles and Hannah Trevelyan. Historian G. M. Trevelyan, grandson of Charles Trevelyan, encouraged Raleigh Trevelyan to write a book about his grandfather and his distinguished relations, several of whom spent long years in India both in this and the last century. The volume under review is that book. The Trevelyans are a formidable and durable lot.

The author summons A. L. Rowse to give a thumbnail character-sketch of his tribe:

Integrity to the point of eccentricity, honesty to the point of rudeness, tactless

and rough-handed but of an indubitable aristocratic distinction, devoted public spirit with an equal ability to carry it into action, a marked idiosyncrasy held in check by strong common sense not much of humour. That distinguished family was apt to think that there were Trevelyans and then the rest of the human race.

The five journeys undertaken by the author in the late 1970s and early '80s took him all over the Indian sub-continent, India, Pakistan, Sri Lanka, Burma, including my home town of Bharatpur, now known for its bird sanctuary. He is sensitive, restrained, honest and acceptably indignant. He evokes the past with understanding and feeling, relating it to the present with equal sensitivity. Reason and emotion are harmoniously blended even when he recalls the disagreeable and the unpleasant.

For over a hundred years, the fate and fortunes of his family were intimately linked with India. Charles and Humphrey Trevelyan rose to high office and are among the better known and better remembered of the 19th- and 20th-century British civil servants. Humphrey did a stint under prime minister Nehru, "who was sorry to lose him". Charles married Macaulay's sister and the two men together produced the famous/infamous Minute on Education in 1835—generally known as Macaulay's Minute. To this day, it remains a subject of lively controversy.

Macaulay spent several years in India, but he was no expert on any aspect of Indian life. However that did not prevent him from being cocksure about everything. He was brash enough to declare in the minute: "I have never found one among (the orientalists) who could deny that a single and durable lot."

The author summons A. L. Rowse to give a thumbnail character-sketch of his tribe:

Integrity to the point of eccentricity, honesty to the point of rudeness, tactless

becoming the lingua franca of the world has proved to be prophetic. Raleigh Trevelyan's compassion marks him out as an uncommon person. Ten of his kinsmen were killed at Kanpur during the mutiny in 1857, but there is no bitterness in the author's recounting of those terrible incidents. With his mature insights on the Jallianwala Bagh (Amritsar) massacre of 1919, I fully agree. He is absolutely right when he says that after Jallianwala Bagh there could be no compromise and no trust between the Indians and the British.

Mr Trevelyan's Fifth Journey took him to many places visited in 1912-13 by E. M. Forster, Goldsworthy Lowes Dickinson and R. C. Trevelyan. I found this chapter fascinating because it not only recalled Forster's incommensurable work but conversations I had with him about Passage to India. Lowes Dickinson was not as enthusiastic about India as Forster. India made Lowes Dickinson uneasy, as is clear from this quotation:

"The East [Hindian] was the religion of the East, not the West. It refused all significance to the temporal world; it took no account of society and its needs; it sought to destroy not to develop the sense and the power of the individual. It did not say, but it implied, that Creation was a mistake; and if it did not profess pessimism, pessimism was its logical outcome. Do not know whether it is the religion of a wise people; but I am sure that it could never be that of a strong one. Rather a glib observation, surely, a bit too neat."

Was it worth Mr Trevelyan writing such a book? Will it be any good? My answer on both counts would be "yes." The Golden Oriole is not a run-of-the-mill book purveying mauldin Raj nostalgia. If it lacks cohesion, it is an engaging, tolerant, humane document written by an Englishman who does not possess a stiff upper lip and whose love for the Indian sub-continent and its inhabitants is genuine.

by horrific tortures, quite a lot are shot and some are blown up. Then there is a description of an autopsy.

Gentle readers will be forgiven if they follow the example of the hero detective and walk out when the skull is being dissected.

But if they do they will miss a good yarn about attempts by a group (of guerrillas or terrorists) to kill a politician who is exiled in the US with his illegitimate gains and the way his security chief uses torture to keep ahead of the game.

The police always seem to be a step behind the warring factions as blood flows on the streets of Houston.

Good value for those who can stand the gory details.

Brian Ager

## CRIME

a performance as the Covent Garden Otello that figures as one of the story's backgrounds.

William Weaver

**SPIRAL**  
by David L. Lindsay.  
Arlington Books. £10.95, 368 pages

A STRONG stomach is needed by anyone who sets out to read Spiral. Five people are killed

## BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, applications should be made to the Advertisements Department, 10 Cannon Street, London EC4A 3DF. Telephone: 01-345 8000, Ext. 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.

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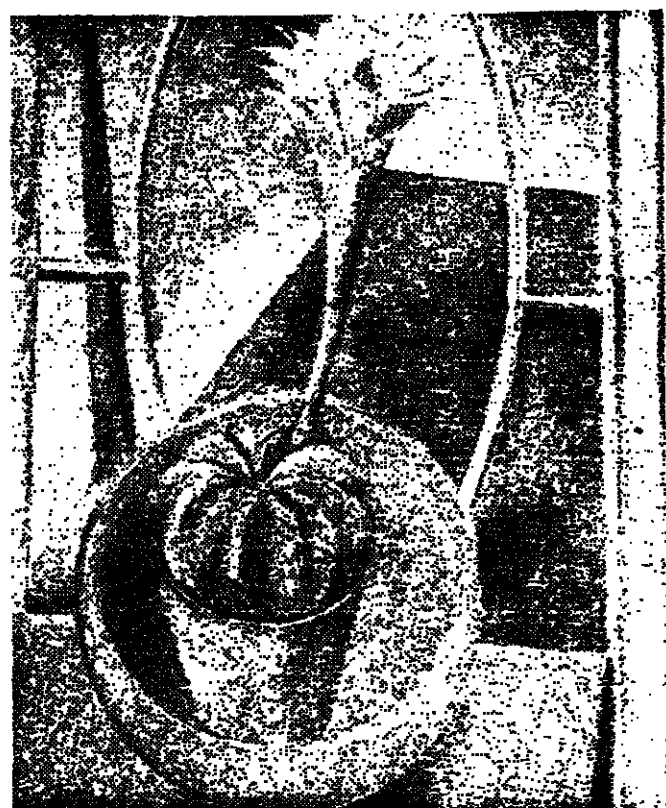
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"Cactus," by Paul Nash, probably painted in 1931

## Quiet eye

**INTERIOR LANDSCAPES: A LIFE OF PAUL NASH**  
by James King. Weidenfeld and Nicolson. £16.95, 258 pages

PAUL NASH is now recognised as one of the great British landscape artists. In his autobiography, *Outline*, he tried to explain himself and his work. James King quotes a key passage:

"I turned to landscapes not for landscape's sake but for 'things behind', the 'swell' in the innermost whose light shines thro' 'things'. Reacting to El Greco's painting, *Laocoön*, Nash described it as 'the outcome of an effort not simply to describe an imagined scene but to create, by means of formal symbols, a compelling drama of abstract beauty'. He continued to liken the picture to a symphony and noted that most people 'like the picture to tell a story: I like it to play a tune'."

James King's book is an intelligent attempt to identify Nash's "tunes" and elucidate them both in terms of his life but, more particularly, his work. To this end, he has included a satisfactorily large range of plates with which he is able to illustrate his interpretations. King is an organised writer who travels with a book which contains his main points of reference for Nash: "Death, the fear of the feminine, the presence of the absent, and modernism...."

Paul Nash was born in 1889, son of a lawyer, destined, first for the navy and then to become an architect. His mother suffered from a mental illness which made her a frightening, though loved, presence to Nash and his younger brother and sister. In 1908, she was taken into care and died in a mental asylum in 1910. Thus arose Nash's obsession with death. Thus, too, his fear of women, not so much according to King until his final years when his wife's dedicated nursing restored his confidence.

Nash came to art late, inspired by his deep admiration for Blake and Rossetti, both of whom influenced his early work

but were eventually rejected in favour of modernism. King argues convincingly that Nash always struggled to combine the English romantic tradition of art and his very English subject matter, with modernism which had its roots in European art. Nash's paintings cover the two world wars which inspired some of his best-known paintings.

In 1933 Nash was a leading figure in starting a brotherhood of English painters and sculptors called Unit One. This originally included Ben Nicholson, Henry Moore and Barbara Hepworth and had as its objectives "the pursuit of the form" and "the pursuit of the soul."

Soon the differences among its members, particularly those who favoured abstraction, became greater than their common assumptions. Design was always foremost among Nash's interests and, as well as teaching it for two separate periods at college, he also supplemented his ever insatiable appetite by designing posters in the famous Shell series. Eventually he even produced a Shell guide, illustrated by his own photographs—an art-form which he took very seriously.

At the outbreak of World War Two, Nash was suffering from a form of bronchial asthma which was to cause heart failure and his death in 1946. Nevertheless, he was inspired by the "aerial adventures" of the Battle of Britain and started a new series of paintings. At last Nash seemed to be making sense of grim sense. He wrote:

"Death about which we are all thinking, death, I believe, is the only solution to this problem of how to be able to fly. Personally, I feel that if death can give us that, death will be good."

The last plate in the biography shows the remarkable *Solstice of a Sunflower*, painted in 1945. King suggests that with this series of paintings Nash brought together and solved many of the problems which preoccupied his artistic development.

Rachel Billington

## Anthony Curtis on the many lives of Compton Mackenzie and his 100 works

# Fine old pro

**COMPTON MACKENZIE: A LIFE**  
by Avro Linklater. Chatto & Windus. £16.00, 354 pages

WHERE OTHER writers use artifice Compton Mackenzie relied on memory. It may explain why he never succeeded as the playwright his father, actor-manager Henry Compton, wished him to be. With both his parents dedicated professionals of the theatre (his mother was Virginia Bateman, an American, daughter of Irving's boss, Hezekiah Bateman), you would have expected the stage, where his younger sister Fay also became a leading lady between the wars, to have been the natural outlet for this immensely gifted, good-looking, articulate young man. Compare, for instance, Sacha Guitry following in the footsteps of his father, Lucien.

Certainly Monty, as he was always known, gave it a try before he became a novelist, but it was simply not right for him. His dramatic legacy, plays like *The Gentleman in Grey*, *Carnival*, *Columbine* and *The Lost Cause*, seem unlikely to stir from the almost total neglect into which they have fallen since first produced. The construction of the theatre, the need to select and contrive, to make the plot work, was contrary to the wide outward sweep of his mind. As Avro Linklater makes clear in this excellent history of Compton Mackenzie, the first to be published since Mackenzie's death at the age of 89 in 1972, the plot for his most commercially successful comedy, *Whisky Galore*, a novel before it became a film, was handed to him on a plate by life itself.

In 1941 when he was living on Barra the s.s. Politician, loaded with 200,000 cases of whisky (like gold at that time in Britain) ran aground on a rock off Eriskany and the wreck was abandoned, with a customs seal placed on the hatch. All that Monty needed to do was to stick to the basic facts of what happened after that in order to produce the most hilarious of his several yarns about life in the Highlands and Islands.

It was the same when he was a young man, enchanted, as always, by the mix of remoteness and conviviality of life on small islands. He went with his first wife, Faith, to live on Capri. This was just before World War I when the island had become a fashionable refuge for gay (both senses) bohemians from England and America. On a good night, wherever the party happened to be, you could meet one or more of Norman Douglas, Reginald Turner, Somerset Maugham, "Fred" Benson, Gerald Haxton, Ellingham Brooks, Romaine Brooks, Nata-



Brett Usher as Michael Fane in the BBC 2 serial of "Sinister Street" in 1969

lie Barney, not to mention Scott Fitzgerald, D. H. Lawrence and Maxim Gorky. With characters as colourful as these on tap, the novelist hardly needs to invent, only to change the names. Thus in *Vestal Fire* and *Extraordinary Women*, two highly enjoyable novels (both are in paperback from Hogarth Press), Capri becomes Sirene. He waited though until he was a safe distance in time and space before attempting to describe it. By then Monty was living on a completely different island, the even smaller one of Jethou, one of the Channel Islands which he had leased for himself along with Herm.

Monty could recreate all he saw or heard in the most minute detail without any problem. No computer ever had a capacity for the storage and retrieval of information as great as his unaided memory. He proved just how formidably retentive this was in the eight volume of autobiography, *My Life and Times*, Octaves 1-8, which he did not begin to write until he was turned 80, and in which he had little difficulty in recalling much of what had happened to him from the age of two onwards. As Mr Linklater says, he had gone over his childhood and youth several times already in his fiction, outstandingly in *Sinister Street*, with which he made his name when it was published in 1913 by Martin Secker, his close friend. There is an obvious comparison between the novel and Maugham's *Of Human Bondage* published two years

later; both massively document a privileged yet deprived upbringing in Edwardian England.

Edmund Wilson said he preferred reading Mackenzie to Maugham but never, unfortunately, fully explained why. Mackenzie's portrait in the book of Oxford has proved influential over many novelists since and the work won him high praise from Henry James who said he needed to learn the art of selection and to forgo saturation. Monty, congenitally unselective, never lived up to this high promise as a writer; but having turned his back on the stage and the parental path, he remained nonetheless a heroic role-player, putting all his great energies into whatever the current role was: soldier, lover, friend, intelligence expert, Philhellene, Scottish laird, military historian, pool-player, broadcaster and book critic, pioneer of recorded music (he founded the Gramophone with his brother-in-law Christopher Stone), raconteur in the Savile, and litigant (he went to court as the defendant in cases involving the Official Secrets Act and the Inland Revenue).

No wonder his favourite character in fiction was Don Quixote. But he also found the time to publish around 100 books. Mr Linklater covers all this ground with adroit authority. His biography gives a satisfying, rounded, unselfish portrait of the last grand old pro of English letters.

## Fiction

# In steps of Saki

**THE VIEW FROM MOUNT DOG**  
by James Hamilton-Paterson.  
Macmillan. £10.95, 202 pages

**CIRCLES OF DECEIT**  
by Nina Bawden.  
Macmillan. £9.95, 188 pages

**LORD HAMLET'S CASTLE**  
by Hunter Steele.  
André Deutsch. £9.95, 240 pages

**CUISINE NOVELLA**  
by Antoine Laurent.  
Secker & Warburg. £10.95, 348 pages

THERE IS a definite touch of Saki about James Hamilton-Paterson's first collection of short stories *The View from Mount Dog*. Mount Dog being the Cynic philosopher Chimerides' name for the flat wastelands of his exile. Saki brought right up to date with tales of the Third World and of Arab sultans exchanging tips with the Queen over tea and sponge cake, while cheerfully lopping the heads of anyone at home who causes them the mildest inconvenience.

A Saki in all his moods too, for his preoccupation with the darker side of animal life is mirrored here in a singular tale about a grapple with an octopus 70 feet underwater, told by a portrait painter who makes most of his living copying Old Masters for company board rooms, a line of work which leads him not unnaturally to view the rest of his family as a scene from Bruegel.

His life is dominated by women—his mother who breaks out of the East End with an unhappy marriage to a Free Frenchman; his upwardly mobile aunt, who won a scholarship to Oxford and now writes biographies while hobnobbing furiously with "old" families; his first wife, an unfaithful dentist with whom he remains on good terms; and his second wife, who arrived as a teenage housekeeper with an illegitimate child and can't bear any mention of her predecessor.

Not all the stories are so successful. The author's oblique outlook on life sometimes leads him up blind alleys, or into ex-



Bawden: delicate deceptions

crement soup, or matters equally murky. On balance though he is a stylish, clever, witty, and deft former winner of the Newdigate with screenplays and two volumes of poetry under his belt.

The *Circles of Deceit* at the centre of Nina Bawden's new novel are the lies people tell each other (and themselves), the modest little deceptions without which the world would not go round and life, particularly family life, would scarcely be supportable. The story is told by a portrait painter who makes most of his living copying Old Masters for company board rooms, a line of work which leads him not unnaturally to view the rest of his family as a scene from Bruegel.

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There is also his adolescent son, a suicidal youth who disappears for months at a time without a word to anyone.

All very normal in fact, an everyday story of ordinary people struggling to keep their heads above water. But then they are losing their heads. Nina Bawden is a good judge of a domestic situation, a good chronicler of human absurdity. She captures the exact tone of an artist committing his thoughts to paper for the first time, a shade too exactly, perhaps; he tends to ramble a bit—and tells an amusing tale with tolerance.

Lord Hamlet's Castle, by Hunter Steele, is based on a novel treatment by William Shakespeare and restores to the play many hidden meanings hitherto unknown to the average A-level student. It is a fleshing out of the original, an explanation of much that has gone unnoticed in the text. Where Shakespeare left the exact nature of Hamlet's relationship with Ophelia to the imagination, Hunter Steele plunges in cheerfully and gives us chapter and verse, with lots of lubricious detail. He is not afraid to place his own interpretation upon events.

The trouble with this approach of course is that Mr W. S. was no mean operator—albeit fond of a cliché—and it needed a brave man to take him on at his own game. The author wisely ducks the challenge. His tale is interesting enough, fun even, but he has little sense of rhythm and lacks the Bard's inimitable way with words.

Antoine Laurent's first novel *Cuisine Novella* is a complex fantasy based on an extraordinary train journey from Paris to the Côte d'Azur, undertaken by a sexually eccentric Marquis and a young girl anxious to learn the art of cooking. It's an imaginative book, lushly written, but strictly for those who like their fiction exotic.

Nicholas Best

# Man of adventures

**THE LIFE OF MY CHOICE**  
by Wilfred Thesiger.  
Collins. £15.00, 459 pages

THIS EXTRAORDINARY book tells the story of a life which would be less surprising 100 years ago. Wilfred Thesiger is the British master of rough travel. Nobody alive can compete with his journeys in wild uncharted areas, among the Marsh Arabs, where his own memoir is irreplaceable, in the Hindu Kush, where he coincided with the last episode of Eric Newby's comic classic, or in Abyssinia, a region fondly remembered in this autobiography, centred on the years 1945.

Certainly, Thesiger knows what he admires: John Buchan's novels, courage, the unadorned life of remote tribesmen and also, not inappropriately, Alexander the Great. His father began by reading him the right sort of books in the evening: "I grew up on Jack of the Bushveld, that marvellous book by Sir Percy Fitzpatrick about hunting in South Africa."

Later he sent him to Eton and then to Magdalen, Oxford, places for which Thesiger retained an unexpected affection. Most of us would have been terrified by meeting a young tribal chieftain in Abyssinia who had just proved himself by killing four men. Thesiger found him familiar: "he struck me as the Danakil equivalent of a nice, rather self-conscious Etonian who had just won his school colours for cricket."

This densely-remembered book gives us the personal Thesiger whom his earlier

travels memoirs suppressed. It shows how the author's life has been strongly shaped by his early years and moulded, unexpectedly, by his voracious early reading. Thesiger was born in 1910 and spent his childhood in Abyssinia with the British Legation. As a boy he witnessed a great triumphal procession of victory into Addis Ababa: his memoir of it suggests a scene from the old Roman Empire. After his education, he returned to explore the inner reaches of the land in which he had grown up. In the search for the sources of the Awash river, Thesiger the explorer came of age.

So too, did Thesiger the big game hunter. Stalking and shooting were part of an accepted culture in which the author excelled. He would behave differently nowadays, when so many species are threatened, but in the 1930's Sir Percy would have been proud of the young killer. Down in the Sudan, the Nuer tribesmen kindly carved up his dozens of dead elephants: "it was extraordinary to see these naked men swarming all over the carcasses and even inside it, most of them covered with blood, partly from the elephant, partly from cuts on their bodies."

The travels are extraordinary exercises, from Abyssinia to the Sudan (where he learned his excellent Arabic), to Morocco, war-time service in the Middle East and back again to Abyssinia. Do they make a compelling book? I can see the author's problem: he has witnessed events and persons for which he is probably the one contemporary source; he is re-

calling details over 50 years old; evidently, he kept full diaries and written records. What can he safely omit, and yet how can he cope with that constant feature of all ventures into the unknown, the monotony of days, even weeks, through empty country. Thesiger would never have been a great explorer unless he had been content of the ends he had chosen and defined. His style has the same restraint and control as his endeavour; it never hides the toughness and allows only brief excursions from a clear, factual manner.

The effect is more one of a sequence of snapshots than a prose-poem. Yet in Abyssinia the story rests on a strong bond of feeling and friendship. Thesiger retains the greatest respect and fondness for Ras Tafari (Haile Selassie) and an admirable disgust at the conduct of the Italian troops and modern Marxists among the peoples with whom he lived.

Throughout, his memoirs are more a record of achievement than a literary work. They run contrary to the fashion in travel-writing, and yet they are not always best served by their spare recitals of names and communications. They have none of the depth of a social history, and without it we remain at a distance from the tribes, events and objects we encounter. Like the great travel-memoirs of the 19th-century, they surmount hazards and cope with the hindrance of intervening power. In the end they are all too true to the books on which the author was brought up.

Robin Lane Fox



## ARTS

William Packer previews the Royal Academy's Summer Exhibition, which opens today

## Princely offering by Mr Carrick

TODAY, the 219th Summer Exhibition of the Royal Academy opens its doors at the end of the usual week of dinner and reception, and private and press views. The show is an event that traditionally marks the onset of the London Season and clearly still maintains a peculiar hold on the popular imagination.

Most of the notice from the media is essentially trivial but it hardly matters. All publicity is good publicity, especially royal publicity. It is this year it happens to be on the part of Carrick, better known as Lord of the Isles, who has supplied the story, the only pity is that it should be by so small and self-effacing a water-colourist. The effect, though, is that he should care to take his chance at all.

That his cousin, Miss Jones, should be there too with two works accepted, one of them an especially strong and lively drawing, is less surprising for she does aspire to the profession; but it is no less admirable. For it is by its summer exhibition—as an open exhibition, a curious, considered work shown without pleading or excuse—that the Royal Academy justifies itself, both to itself and the rest of us.

for the position it holds in our national life. But should there come a time when we forget that the academy at heart is an exhibiting society of working artists, it will be in terminal trouble.

Only a generation ago that seemed almost to be the case, which is hard to believe in the light of the present exhibition. So much has changed. To see so many of our most successful and established artists active members of an academy which 30 years ago was either irrelevant or contemptible to wide sections of the community of British artists, is entirely a matter for surprise and support. And now can a summer show have been hung so well or present so vigorously catholic an aspect. Never, in my recollection at least, has the variety of current professional work which the academy now represents—from the most expansive and expressionist abstraction to the closest, most punctilious figuration—been accommodated together with such ease. And never have the academician and associates shown themselves off collectively to better advantage.

But here I must admit that my very enthusiasm pauses.

This is a much smaller show than in recent years, down by nearly 500 items on 1986. This is not in itself a matter for the members' own privileged representation, the odds against selection in an open submission in excess of 13,000 are considerably over 10 to 1. The cost, too, is high and the inconvenience often great. There is much good will to be lost if these odds ever become too unfair, or the show itself ever comes to be seen as too much of an inside job. If it should ever become entirely a members' affair, that goodwill would disappear altogether.

Though it is welcome that the academy is back in its proper place at the centre of the British art world, that is not to wish it to become merely an adjunct of Cork Street and a platform for the values and priorities of the international market. The thought of the Summer Show as a kind of superior art fair, informed by the spurious academicism of marketable reputation and international credibility, is not to be borne. It is a truer academicism, idiosyncratic, serious and consistent, that has sustained the academy all along. We must not overlook the

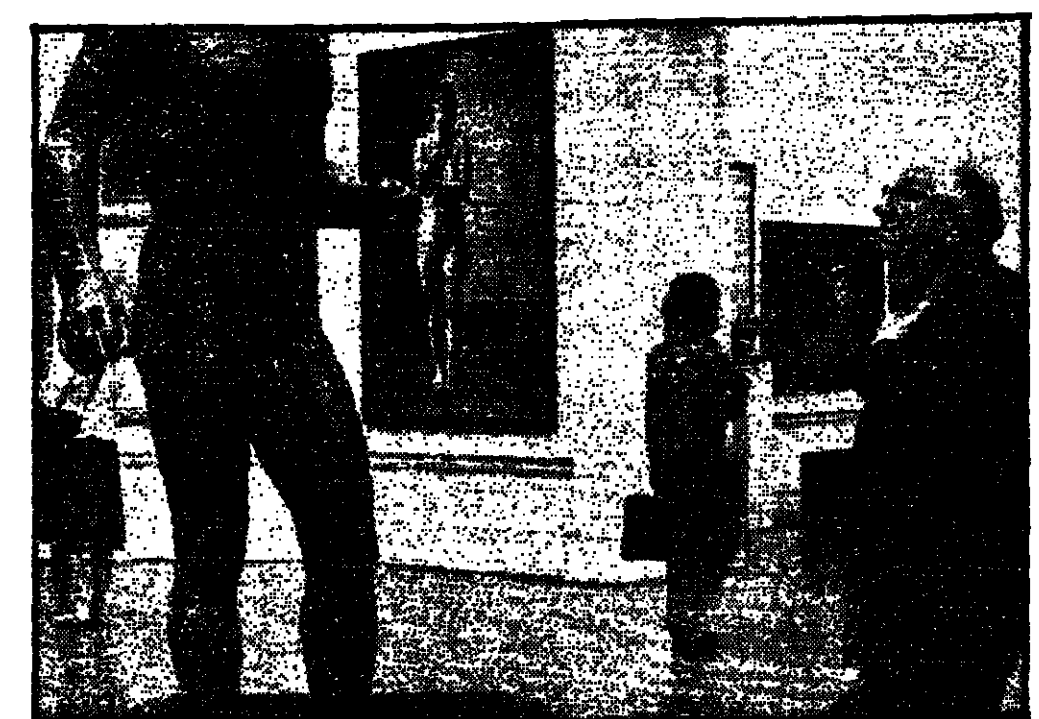
simple fact that this recent and most welcome access of established stars, such as Blake and Kitaj, Phillips, Wilson, Jones and Royland was never the seed of the academy's redirection and reinvigoration, but merely the fruit and confirmation.

The artists, whose achievement this is, are those who joined or sent in to it through all the bad times and stayed with it when it remained so professionally unfashionable. They understood and loved the academy for the perverse, wilful, historic old beast it is. I have the catalogue for 1983, long before Tom Monnington became president and began to shift things for the better. The names I find are not those of Blake or Hockney, but of Buhler, Greenham, Weight, de Grey, Ward, Spear and Dunstan among the members, and those of Bowyer, Blaney, Coker, Eytton and Bowyer among the then outsiders.

All distinguish themselves again this year. Indeed, it is nicely curious in this admirable exhibition that it is the work of that older guard and its natural recruits which most declares itself and sets the measure of the whole. It is in

this sense, meant as no disparagement of the rest, that I pick out Ken Howard for his large portrait study, *Madreth II*, in Gallery I; Norman Blaney for his problematical model boat in Gallery I; and most especially Olwyn Bowyer for her magnificent old Fig Tree in its greenhouse in Gallery II.

John Ward always warrants closer attention than prejudice against a fashionable portrait practice sometimes allows. Elizabeth Blackadder, as ever, manages in her use of water-colour to match the most daring adventure with exquisite refinement. Peter Coker shows a group of fine, simple expressionist landscapes, much larger in scope and spirit than in actual size. Anthony Eytton shows a fine painting of a Walnut tree in sun and shadow, in Gallery VII, whose abstract Adams seems to be everywhere, all light and colour. Of the more recent members, John Bellamy, Joe Tilson, Gillian Ayres and Sonia Lawson all show in Gallery VIII, while Norman Stevens, with his *Monet's Kitchen Door* in Gallery II, gives us as ambitious a painting as we have had from him in some time.



A pause for thought at the Royal Academy

Daphne Osborne

Of the non-members, Albert Irvin quite rightly wins a prize for the most adventurous work of the show with his extravagantly colourful *Longstone* in Gallery VII, whose abstract expressionist exuberance is nicely qualified by Jennifer Durrant's *Nearing the End* on the opposite wall. William Henderson, in the same gallery,

and Robert Clarke in the Lecture Room also show strong non-figurative works. In the Large South Room, John Houston's dark seascape, *Gus Cummins*, strangely active interior, Arthur Neal's lighter interiors and Brian Peacock's quietly fraught deserted beach are all worth remarking on. In Gallery XI Norman Ackroyd

shows us yet again with his romantic conjurations of landscape that he is by far our most adventurous and accomplished etcher. Why he was not elected to the academy years ago remains a mystery—but it is not for me to intrude in private matters. Save for July 2 and 3, the Summer Exhibition remains open daily until August 23.

## Theatre

## Women take centre stage

"I NEVER knew," said my companion as we hurried from one show to another across the small south Austrian spa town of Villach, "that the world was so full of women." A bit hard, perhaps, but one could see his point, since most of them seemed to have converged on the Spectrum festival.

Three days into a week-long international programme of fringe theatre, we had seen two of the best destroyed, another locked in comic combat with the technology of the modern gas-turbine. We had found answers to the question of female identity in mythology and monologue, and had allowed ourselves to be carried by a room of one of the grandest hotels with a semi-clad neoclassical possession of murderous fantasies, a knife, and a sense of melodrama that would have soared well over the top of a proscenium arch.

To put the achievements of the festival in the context of its almost 30-year history, founded in the early Seventies by Dr Alfred Meschnigg, a theatre director who combines vision with firm regionalist sympathies that has since developed into a biennial event, staffed by a small team of volunteers, with public funding that has been pegged at ASHM (about \$50,000) since 1979. What is interesting, heartening and different about Spectrum is its ability to pull consistently large and good-natured audiences into work that is often more adventurous than successful. It can be relied upon to sell more than the 10,000 tickets it needs to keep itself in the black, without any advertisement beyond its immediate area.

Fringe theatre is inevitably meant that it takes what it can afford, though it had representation this year from as far west as Omaha and as far east as Moscow. The result is a body of work, interesting more for what it reveals of the identity and preoccupations of fringe theatre at ground level than for its intrinsic worth.

The problem of distinguishing amateur from professional figured large in the schedules, highlighting the increasingly pressing issues raised by actor-employment but also shedding interesting light on the differing national perspectives.

Three examples illustrate this point: first, from the USSR, Studio South West, a company based in a cellar on the outskirts of Moscow, which has a corps of 60 actors, only five of whom style themselves professional, performing a repertoire of plays ranging from Gogol to Kurt Vonnegut at a rate of several per day.

Their endearingly populist versions of Goldoni's *Mirandolina* and Gogol's *Marrage*, performed with minimal set, period costume and fast-forward pop musical interludes which sounded at least a decade out of date, made a pointed contrast with *The Radio Hour* performed by the Omaha Community Playhouse. While the Russians used music to create what was clearly intended to be a modern, accessible idiom for a play—in the case of *Mirandolina*—that involved a people, an age and a place far removed from current realities, the Americans gave us a pastiche of songs from the Fifties loosely tacked together within the scenario of a radio broadcast. Where the Russians cloaked the political content of their pieces in a broad burlesque style, the Americans allowed in that curiously American brand of jargonism that masquerades as nostalgia.

In further contrast to both of these was *Animus Theatre Company* of Bolton, a small touring co-operative formed in 1981 out of local youth work, which has since been making its mark around the European theatre festival circuit. *Animus* claims it became professional last year, though a couple of its members are still VTS-aided, it is non-Equity and has no secure financial base. Professionalism, here, is measured in time and commitment, both of which shine through the group's latest work, though *Animus et Corpus*, a lovely earnest story of a spastic teenager, using the image of a circus to expose society's freak show attitude to disability. It is not a wholly original concept, but is interestingly incorporating a skilfully handled mime participation routine and culminating in a nightmarish picture of physiotherapy as seen from the inside.



Mike Rogers in "Animus et Corpus"

—a stretching and cracking of misshapen limbs that, without any physical contact, was quite the most horrifying image of the festival.

With a few honourable exceptions the overriding themes of the festival were women and mythology, sometimes individually, often both together. From Belgium we had Theatre Croquantine in *Lilith*, a fantasy piece about the "real" first woman, which revealed a preoccupation with inanimate objects and effects (from out-sized genitalia to fireworks) that I first experienced through the work of mime artist Pat Vax Rensick. Another year to the ICA and the Glasgow Mayfest; from Sweden there was an equally performed dance theatre rendition of the creation myth of *Yggdrasil*, tree of the world, which ran aesthetic circles around most of its competitors but bore the slightly disconcerting stamp of beautiful bodies doing beautiful things and devil take the content.

Yet the two most lasting impressions of the week were left

by Franz Xaver Kroetz's *Wuschelkonzert* (performed at Edinburgh and at the Bush last year by Eileen Nicholas under its English title *Request Programme*), and a vividly symbolic work, *Demetrio Sotto La Sabbia*, by Milan-based Teatro del Sole.

Wuschelkonzert brilliantly charts the silent progress of an ordinary woman towards suicide—a journey that here took nearly two hours, bulked out by the reading aloud of Kroetz's stage instructions and a video showing an episode of *Kir Royal*, in which the author himself starred on German television as a corrupt gutter journalist. Demetrio, on the other hand, is a stream of consciousness trip through the Alpha to Omega of Greek tragic heroines as archetypes for the troubled psyche of every woman. Here were *Electra*, *Medea*, *Phaedra* and *Cassandra*—strange that the two enduring images should be of madness and despair.

Claire Armitstead

## Visual feast for opera-lovers

## Video

BY THEIR videos ye shall know them. Transcriptions of opera performances on to videotape fall into almost as many categories as there are varieties of demand for them, the most important of which is satisfying opera-lovers—all easily for those lucky enough to live in the big cities—who are far from centres of operatic activity: for them the video is a vital visual adjunct to the gramophone record.

With Covent Garden having to disseminate their work to the widest possible audience in order to justify their subsidy, the law of supply and demand works nicely here: sound, unshowy, well-east videos of works from the standard repertory. *Bohème* with Heena Cotrubas, a *Travis of Hoffmann* with Domingo, and a *Rosenkavalier* with Kiri Te Kanawa and Anne Howell (a quite outstanding Octavian)—plainly fit a need. The agreement between the Royal Opera and the National Video Corporation has just come to an end, and it must be swiftly renewed (with whoever happens to own NVC nowadays).

The preservation of remarkable individual interpretations is equally important, simply as a matter of record (what would we not give for Tommago's Otello or Dame Eva Turner's Turandot). Jon Vickers's elemental Peter Grimes needed to be caught, and has been seen in close-up in *Edith Piaf*, Moshinsky's *Edith Piaf* production is even more scintillating than in the theatre, provoking much thought about the nature and meaning of Britten's first masterpiece. His Samson in Saint-

Saëns's opera is scarcely less overwhelming.

But Vickers is by no means alone in benefiting from the prying eye of the camera. It is easy, for instance, to be so overwhelmed by the voice and personality of Domingo that the detail of his performances goes unnoticed. In this respect the Covent Garden *Manon Lescaut* and *Andrea Chénier* are most instructive: the first reveals just how much work has gone into his amazingly fresh and youthful Don Grizet, and the second almost persuades one that Giordano's best melodrama is as good a piece as its devotees say it is—especially with Anna Tomowa-Sintow singing gloriously as Maddalena. Both operas are well directed by Humphrey Burton, and the sound quality approaches that of good modern stereo when played through hi-fi equipment.

As distribution gradually eases—though the marketing of the United list here is still eagerly awaited—so even metropolitan sophisticates can learn a little about the style of performance around the world. The first reaction to the *Ermani* from La Scala, like the recent TV transmission of their *Aida*, is of jealousy of their subsidy: it is tempting to stop listening to the music and start costing the productions. While there could be no clearer demonstration of the Royal Opera's underfunding by European standards, there is an equally clear warning signal:

the magnificence of the *Aida* swamped the piece itself. But Ronconi's *Ermani* is quite a different casket of grandiloquence, as serious as it is spectacular, well sung by Freni, Domingo and Bruson, and most persuasively conducted by Riccardo Muti.

At the other end of the scale we have an engaging piece of nonsense like Achim Freyer's *Freischütz* from Stuttgart, a typical Teutono-modernist outrage that sends poor Weber's opera up sky high (what a giant white rabbit gets up to in the Wolf's Glen is not to be described in a family newspaper). The singing and playing are poor, though, reminding us that most videos come from so-called centres of excellence, and this one is definitely to be

hired rather than bought outright. A Mozart cycle is promised from Drottningholm, of which the first, *Costi poco tutto*, is disappointing. Little is made of the theatre itself or its "authentic" sets (it was presumably not shot there, like the Bergman *Zauberflöte*, for safety reasons) and the singing by an attractive young cast is variable (that of the Ferrando is frankly unacceptable). In 1984, Arnold Ostrman was going through a strict-tempo phase: the breakneck speeds are in themselves not worrying, but the inflexibility within them is, very. The remaining seven operas are awaited somewhat nervously.

Rodney Milnes

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## Sudan forgives Gen Gordon

WHEN Radio 4 gave *The Pillars of Islam* in two parts, I wrote that this week they have given us *The Gift of the Nile* (first of two programmes) on Sunday. Taken from *Arabia* (first of three) and *Arabia* (first of three) on Monday, and *The Arab World* (first of eight) on Thursday, Sunday's *Gift of the Nile* was a phone-in to Sadik al Mahdi, the Prime Minister of Sudan.

The *Gift of the Nile* was a poetic-historical survey of the Nile from the junction of the Blue and White Niles at Khartoum to the delta on the Mediterranean. I have done some of that in a Nile steamer, and my interest was nostalgic mostly. If I say that the coverage was superficial, I do not mean this in an adverse

sense; I assume that the remaining five programmes will fill in the details and perhaps add to the politics. Barry Cumliffe has at any rate laid a foundation for a look into Egypt's extraordinary civilisation. Sadik al Mahdi, I was pleased to hear, has forgiven General Gordon.

Harem 87 was a gossip programme by Nadia Hijab, whom I take to be an Arab lady, about the real life of Arab women, who are, yes, veiled as a rule, who live contentedly with polygamy, may even do belly-dances at their parties, but are not oppressed by their menfolk. Family ties are strong with them, and oppression is more likely to come from grandmothers. The harem world, compared by Nadia Hijab with Jane Austen's society, sounded liberal and happy, though the Islamic revival was at the doorpost. Taken from *Arabia*, presented by June Knox-Mawer, was not

about the Arabs but about the British, soldiers for the most part, who lived and worked in the Arab States of the Middle East. She found a chap who had been T. E. Lawrence's signal corporal when he was 17.

The Monday play resumed its customary 30-minute conventionality with Jennifer Johnston's *The Railway Station Man*. The man was a veteran of Arran, crippled and disfigured, who is spending a legacy in rebuilding an Irish railway station on a closed line. Nearby lives a handsome lady of middle-age with a son at Trinity, Dublin. I thought the story too predictable: the man falls for the woman, the son is involved in Irish politics, the son's friend uses the station as a store for explosives, they explode and kill the man. It was decently done, with Stella McCusker and John Rowe as the two oldies; none of the other parts is more than a sketch. Clive Brill directed.

Radio 3 gave us something more interesting on Tuesday, Nigel Baldwin's oddly-named

*Chris Martin's Lex Talionis*. This begins and ends with a voice reading from a film-script. Live action, as it were, is then set in a wealthy man's garden where his pretty daughter is in the pool, and into which another man climbs over the wall and announces that his price for not revealing a history of pornography is to go to bed with the daughter. While this tale is pursued to the point where it matches the initial reading, we also learn that the whole thing is in fact a television film, but that a comparable threesome is working out between the script-writer, the leading actress and the producer. Detail has to be short to get all this into 90 minutes, but what we have is fine, and there is genuine tension throughout. Harriet Walter is the girl in the pool and the leading lady; Peter Howell and Bernard Gallacher are the two nasty old men; Bill Nighy is the script-writer, the eponymous Chris; Richard Wortley was the director.

B. A. Young

## CHESS SOLUTION

Chess No. 674 1 P-B6, P-N7;  
2 P-B7, P-Q; 3 P-Q ch, K-E2;  
4 Q-B7 ch, K-R1 (if K-R3; 5  
B-B3 mate); 5 B-N2 ch, B-K5;  
6 Q-KR7 wins (a study by  
Trostky).



## WEEKEND FT

• SPORT •

John Barrett tips teenager Steffi for today's women's tennis final in Paris

## Grand Slam glory awaits Graf

THIS afternoon's match in Paris between world champion Martina Navratilova and West Germany's second-seeded Steffi Graf in their final of the French championships will show if a new era really has arrived in women's tennis.

During the past decade the athletic Martina, now 30, has lifted the game to new heights and her 6-3 6-1 destruction of Chris Evert-Lloyd (who has now dropped the Lloyd) in the 1984 final here was as perfect an exhibition of all-round play court expertise as you could wish to see. Since then, though, despite maintaining her supremacy at Wimbledon — where she has now won for the past five years and seven times in all — this powerful left-hander has begun to look vulnerable and her four tournament losses already in 1987 are without parallel in her career.

That is why her 6-3 6-3 victory over Evert, who beat her in the past two French finals, both superb matches — was so important to Martina. She said later: "It wasn't easy.

I was very nervous... I wanted to win badly." Despite serving less well than usual, Martina was rock-solid from the baseline and generated extra pace on the backhand with the Dunlop Max 200 graphite racket she has adopted for this tournament.

That switch in itself showed her fragile mental state when the championships began two weeks ago. She had previously used such a racket — one of 200 belonging to Carling Bassett — only in practice. Her decision to play it in Paris is the most astonishing I can remember in 40 years of association with tennis; significantly, though, it is the same model favoured by Graf, who turns 18 in eight days.

Now — and bolstered by the presence in Paris of her former coach, Rene Richards, who has transformed her outlook — Martina looks thoroughly at home with the racket and fully restored in confidence. On Thursday, she was altogether more like the champion who has won 15 Grand Slam titles since 1978.

Graf, will, however, test that confidence in a different way. Playing Evert for the 72nd time, Martina had little to lose; against Graf today, her entire reputation is at stake.

The young German came through her crisis on Thursday quite magnificently against another 17-year-old, Gabriela Sabatini of Argentina. Although making too many unforced errors on her backhand so that she fell 3-5 behind in the final set, Steffi timed her counter-attack quite beautifully.

A secure service game brought her to 4-5. Then at 15-15 on Sabatini's serve, she forced the break with three positive shots. A forced error on the backhand brought 15-30; a perfectly-timed forehand to the net presented winning forward volley for 15-40; and a killing cross-court backhand made it 5-5.

Thereafter, a demoralised opponent who had never won in their previous meetings wilted visibly, as much from mental pressure as from physical tiredness. Two games later, Graf had won 6-4 4-6 7-5. Ger-

man steel had overcome South American flair. Yet, surely these two will give us some glorious encounters in the years ahead.

The question remains: how will Graf perform in her first Grand Slam final against a seasoned veteran? Based purely on the credentials of the season, she should win comfortably. Not only is she unbeaten in six tournaments and 36 consecutive matches (including a win over Navratilova in Key Biscayne) but she is also hitting the ball with tremendous power. It is the pace of her forehand that destroys her opponents, along with her technically perfect footwork and speedy anticipation which allows her to reach most shots they can produce.

The men's event has been notable chiefly for the maturing of Boris Becker as a clay court player and the rejuvenation of Jimmy Connors following his marriage at the start of the year. Both seem to have new purpose. Against 34-year-old Jimmy Connors in the quarter-finals, Becker showed a discipline in

the long, hard rallies that was admirable in its restraint. He simply would not be tempted to dash forward for the volley until he was sure his approach would be a telling one. Twelve months ago, playing against the Connors of Wednesday, Becker would have lost.

In his quarter-final triumph over France's Yannick Noah — his conqueror in the 1985 final — Wilander played the perfectly balanced blend of attack and defence that used to characterise Bjorn Borg's game. This was the Wilander who became, at 17, the youngest-ever French champion, and with a considerable improvement in the effectiveness of his attacking coups from the net.

For Ivan Lendl, the holder and top seed, this tournament has been a test of his rehabilitation, following a knee operation. Despite a patchy season, Lendl's awesome authority from the back of the court was enough to get him safely to the semi-finals although he lost five sets and 69 games on the way. His semi-final opponent, Milo-



Steffi Graf on her way to semi-final victory over Gabriela Sabatini

slav Mecir of Czechoslovakia, had lost no sets and only 34 games up to yesterday's match. But Lendl was far too solid and powerful for Mecir and beat him 6-3, 6-3, 7-6, albeit after some long rallies that kept the crowded centre court entertained for three hours and three minutes. Then, Wilander gave Becker a sharp clay court lesson, beating him 6-4, 6-1, 6-2 over two hours and 11 minutes.

Thus, tomorrow's final will be a repeat of the 1985 title match when Lendl was beaten in five sets after winning the first two. I fancy Wilander will have less trouble this time.

Teresa McLean reports on cricketers with a low, low profile

## Where good light stops play

DERBYSHIRE cricket is what public relations men would call a profile wipeout. That is to say, it has such a low profile that it barely has a public image at all. It does not even have much of an image among its own players; their captain, Kim Barnett, cheerfully describes them as "a funny lot". He is right. They are one of the oldest teams in the first-class game, so much so that the oldest thing about them is that they attract so little attention.

Hardly anything to do with Derbyshire cricket is ordinary. Its ordinary performances vary, and always have varied, from abysmal to the tragic, with occasional bursts of brilliance that either wrest an impossible victory at the last minute or end with certain victory being thrown away at the last minute.

This tradition is being splendidly upheld by the present team, which includes a huge, hairy Dane called Ole (pronounced all) Mortensen, the only Dane in first-class cricket. He has just the right melancholy air to remain unmoved

by Derbyshire's flying start to the season. It is easy to see that he comes from the same country as Kirkegaard and belongs to the county which played so badly in the 1970s that it was deprived of first-class status, and so badly a century later that it finished bottom of the country championship three out of the first four years of the 1970s. The exception was 1973, when it finished next to bottom.

Mortensen is, not exactly oppressed by this inheritance; just fits naturally into it. Despite his ungainly action, he can bowl well and sometimes moves the ball in the air and off the ground, to great effect. The trouble is that he is liable to get depressed, gloomy and tired of cricket. It is an unexpected popular sport in Denmark, where they started playing it during the war to annoy the Germans.

Every so often Mortensen disappears for a week-end to play for Denmark, but not this season because Derbyshire will not let him go; he is making

an invaluable contribution to their campaign, to get themselves out of the doldrums in which they have lain becalmed for the past 25 years.

The last time Derbyshire had one of their periodic and inexplicable rushes of blood, they carried off the first Nat West Trophy in 1981; it was only the second honour in their entire history, the other being the county championship in 1938. It is hard to imagine Mortensen having a rush of blood, but he has been taking wickets with relentless regularity and he has some rush-of-blood team-mates to help keep up the new momentum. Jean-Jacques, from Dominica, Buckinghamshire and Shepherds Bush; Allan Warner, born in Birmingham of West Indian

parents, and the Jamaican Michael Holding have been intermittently volcanic this season. They are always capable of going dormant between one game and the next, but at present they are working up quite a head of steam.

It would be nice to think this means that Barnett, an exceptionally likeable man, is about to lead his team to one of the unexpected successes against the odds they are due to secure this season or next. They managed a characteristically improbable win that could help them towards a success in their Refugee Assurance Sunday League game against Worcester the other week, rescuing themselves from the dire straits of 45 for 6 to get the 178 they needed to win. Barnett was

bowled for 4, but it was agreed by the team that they could not have won without him.

The week before that, both Barnett and Derbyshire put on an absolutely typical performance when they played wonderfully well in a crucial Benson and Hedges match against Gloucestershire, the committed suicide. Barnett scored an

improbable 116 before he was out, leaving his team the comparatively easy target of 23 to win off 21 balls, with four wickets standing. They were bowled out in 15 minutes and Derby, their spiritual home, the bleakest and most eccentric county ground in England, they lost. Their number 8 and an all-rounder, who is blessed with the name of Paul Newman, was

caught for 1. Warner ran himself out for 1. Jean-Jacques and Mortensen, inevitably, failed to get the 11 runs needed off the last over.

The Derby ground is the perfect setting for heroic failures and unsuccesses. It used to be a racecourse and until recently was shared with the football club. It did not have a boundary fence until 1980, nor a proper pavilion until 1982. The players used to sit in the starter's box to watch their team lose, while everyone else in Derby watched the football. It was easily the most barbaric county ground in England, with its rickety wooden pavilion, jockeys' changing rooms and windswept stands. The lavatories were notorious.

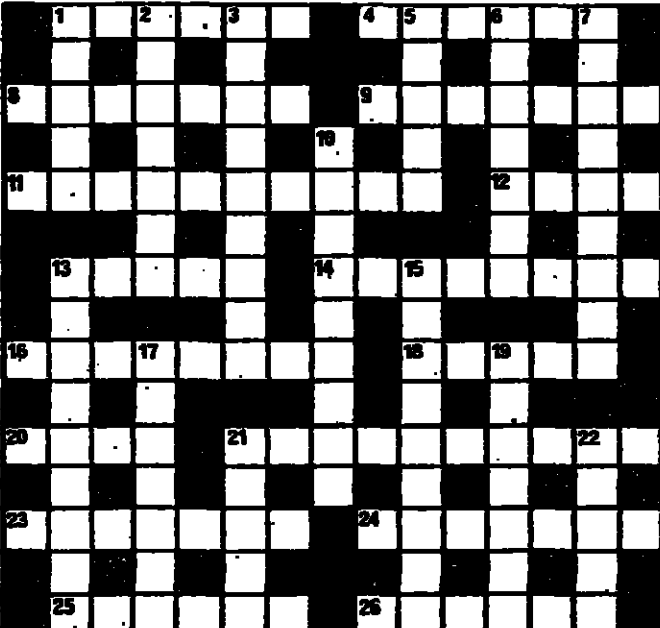
Now at last there is a new stand and an ordinary modern pavilion with ordinary modern facilities. But Derby still refuses to be an ordinary ground. It is an east-west

lot of his hair fall out. But the club does seem to have settled down to a brief period of stability. Derbyshire's tradition of sudden reversals of fortune means that this should disintegrate at any moment, just as they win a big championship.

Insofar as they have a playing tradition to help them win something, it is one of fast bowling, but this year they are pinning their hopes on their young, stylish batsmen, Morris and Roberts, and on Barnett, who only needs some confidence and some hopeless situations to make him a formidable batsman and captain. You never know with Derbyshire. They are born outsiders, unfashionable and unpredictable. It would be just like them to throw away the county championship after doing so well to get within reach of winning it. And it would be just like them to win a one-day competition like the Refugee Assurance while the club is in the throes of anarchy, and for Barnett to say with an engaging smile that he doesn't know how they did it.

## FT CROSSWORD PUZZLE NO. 6345

CINCHPILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

## ACROSS

- 1 Not joking it could be lemons or melons (6)
- 4 Cloth without its top is not ruffled (6)
- 5 Day for entry to vessel (7)
- 6 Great pain comes out in a gush (7)
- 11 Past time for snobs, I agree to lament about whisky (10)
- 12 Sound of villain for riding? (4)
- 13 Vehicle to leave in vessel (5)
- 14 Headless mollusc hunts and feeds on aquatic bloodsuckers (8)
- 16 Voter, etc., in trouble in vessel (5)
- 18 Bottom's part taken from Nadine Gordimer? (5)
- 20 Deviate to the left in a vessel (4)
- 21 The Liberal past discloses a vessel (10)
- 22 Infectious person's vessel for planes (7)
- 24 Two-piece suit with blockage in pays off (7)
- 25 Make a mistake in cast, nothing of consequence: it's sweet (6, 6)

## DOWN

- 1 Unrestricted spending is wrong per se (5)
- 2 Not such a dark vessel (7)
- 3 Doctor's wrong about snake in vessel (5, 4)
- 5 Dogmatist if following hard vessel (5)
- 6 Curries cooked in vessel (7)
- 7 Ancient city among broken reeds in vessel (9)
- 10 50 and 10 in zones round temporary residences (4, 5)
- 13 Unruffled sailor has turned to Australian trees (9)
- 15 Compeller's hen needs vessel (6)

## SOLUTION AND WINNERS OF PUZZLE NO. 6339

Dr J. E. Gibb, Twickenham, Middlesex; Mrs V. Carr, Belfast; Mrs M. Frenson, Sheffield; Mr M. J. Greener, Barry, South Glamorgan; Mr Gordon Lancaster, Leeds.

## SATURDAY

† Indicates programme in black and white

9.00 am It's Wicked! 10.30 Weather. 10.45 Grandstand including 11.00 Cricket: First Test, England v Pakistan. 11.00 News; 1.00 Rugby Union from New Zealand; Racing from Haydock Park at 1.20. 2.00 News; 2.15 The Football League: Cricketers' (First Test/The French Open); 3.00 Golf: Dunhill British Masters. 3.30 News. 3.50 News. 4.00 Regional programmes. 4.10 News. 4.20 Film: The Good Guys and the Bad Guys, starring Robert Mitchum, 7.50 Bob Says Opportunity Knocks, 8.40 News. 9.00 News. 9.15 Cagney and Lacey, 10.05 Monty Python's Flying Circus, 10.30 Sports Special.

## LONDON

6.55 am TV-am Breakfast Programme. 9.00 am Get Fresh, 11.30 Tarragona. 12.00 News. 12.15 News. 12.30 News. 12.45 News. 1.00 News. 1.15 News. 1.30 News. 1.45 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News. 3.45 News. 4.00 News. 4.15 News. 4.30 News. 4.45 News. 5.00 News. 5.15 News. 5.30 News. 5.45 News. 6.00 News. 6.15 News. 6.30 News. 6.45 News. 7.00 News. 7.15 News. 7.30 News. 7.45 News. 8.00 News. 8.15 News. 8.30 News. 8.45 News. 9.00 News. 9.15 News. 9.30 News. 9.45 News. 10.00 News. 10.15 News. 10.30 News. 10.45 News. 11.00 News. 11.15 News. 11.30 News. 11.45 News. 12.00 News. 12.15 News. 12.30 News. 12.45 News. 1.00 News. 1.15 News. 1.30 News. 1.45 News. 2.00 News. 2.15 News. 2.30 News. 2.45 News. 3.00 News. 3.15 News. 3.30 News. 3.45 News. 4.00 News. 4.15 News. 4.30 News. 4.45 News. 5.00 News. 5.15 News. 5.30 News. 5.45 News. 6.00 News. 6.15 News. 6.30 News. 6.45 News. 7.00 News. 7.15 News. 7.30 News. 7.45 News. 8.00 News. 8.15 News. 8.30 News. 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